IMAGES AND CONCEPTS OF THE THIRD SECTOR IN EUROPE

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TOWARDS A EUROPEAN CONCEPTUALIZATION OF THE THIRD SECTOR

Jacques Defourny & Victor Pestoff

Introduction

In European economies, the importance of a "third sector", distinct from the private for-profit and public sectors, is increasingly being acknowledged, from various points of view.

First, it clearly appears that beyond the diversity of conceptions and labels used to identify such third sector, the latter has gained economic significance in terms of employment and production. This growth is especially apparent in services provision. Because of differences in border definition, there are no universally accepted measures of the sector's economic weight. But although its importance remains modest in some countries (in particular in the new EU member states), it represents, according to some figures, more than 10 per cent of total employment in countries such as Ireland, the Netherlands and Belgium.[1]

It also appears that public authorities have paid greater attention, in recent decades, to third sector organizations (TSOs); the latter have increasingly been recognized as partners for the implementation of public policies. Although such an acknowledgement may sometimes remain purely instrumental or focus only on particular fields, numerous public initiatives have been undertaken to increase the role of TSOs in areas of public interest.

In academic spheres as well, the third sector has benefited from an increasing interest. More precisely, the broad set of non-governmental organizations that do not distribute any profit or may be qualified as "not-for-profit" has been studied by various disciplines within the social sciences, including sociology, political science, social policy, economics, management, history, law, psychology, etc. Upon this growing corpus of scientific literature, a number of courses and training programs are being developed and offered by universities and other higher educational institutions.

However, in spite of those uncontested trends, the image of the third sector in public opinion and among many other socio-economic actors generally remains unclear. Even within the third sector itself, the degree of consciousness of belonging to a wide and distinct sector varies significantly across organizations and often remains low.

In such a contrasting context, the major objective of this paper is to document these apparently divergent evolutions and to lay the foundations for a better understanding of the evolving place, profiles and roles of TSOs in current European economies. In order to do so, members of the EMES European Research Network from thirteen EU countries have provided a brief overview of the images and recent trends of the third sector in their respective national contexts. These country contributions represent the major part of the present study but, on the basis of those short and precise descriptions, we first try to point out the convergent features which may contribute to a better and more integrated knowledge of the third sector, while not ignoring the strong diversity of national specificities.

Different historical roots of the third sector

Third sector organizations have been shaped by different traditions, which go back at least to the 19th century. Those various streams may be summarized as follows, although such a classification would deserve many more comments:

- first, there is the tradition of philanthropy (charities, the community sector, etc.), which is particularly influential in the United Kingdom and Ireland;

- the second tradition is that of civic commitment to the entire community, aiming to foster equality and democracy; it prevails in Scandinavian countries;

[1] For figures focusing on non-profit organizations only, see the various publications of the Comparative Nonprofit Sector Project, led by the Johns Hopkins University since the early 1990s. For figures covering the whole social economy, understood as encompassing cooperatives, mutuals and the non-profit sector, see Boniver et al. (1991) for an early attempt as well as the recent publication by the Ciriec (2007) for the European Economic and Social Committee.

- thirdly, the principle of "subsidiarity" has been central, especially with respect to Church-related initiatives, in countries such as Germany, Belgium, Ireland and the Netherlands;

- fourthly, in various countries, the cooperative movement was closely linked to the development of the voluntary sector, either through a common civic background fostering participation and democracy (as in Denmark, Sweden, etc.), or through a common religious inspiration (as in Italy, Belgium, France, etc.);

- finally, the role assigned to the family in countries such as Spain, Portugal, Greece and Italy has also had a major influence on the pace of development of the third sector, especially as regards the provision of personal services (childcare, elderly care, etc.).

Historical divergence between cooperatives and associations

During most of the 20th century, cooperatives developed their activities to meet their members' needs to gain better access to markets (as consumers, savers, producers, etc.). Their specialisation in specific fields, the pressure of market forces and their increasing size led most cooperatives to follow a path that differed from that of most other components of the third sector, which were generally oriented to non-market activities, such as advocacy, material assistance, or the delivery of services outside market channels. This is one of the key reasons why several countries are now reluctant to develop conceptions of the third sector encompassing both cooperative enterprises and community or voluntary organisations.

Only in recent decades did new forms of cooperatives appear, in fields such as personal services, which do not solely rely on market resources. Therefore, social cooperatives and, more broadly, social enterprises operating on the basis of public subsidies or contracts as well as of market resources may be seen as bridging part of the gap between cooperatives and associations.[2] Of course, it should be stressed that such bridging forces have also been associated with the concept of social economy as it was revitalised at the end of the 1970s in France and subsequently in various countries like Belgium, Spain, Italy, Sweden and in an increasing number of other European and non-European countries (Canada, Argentina, South Korea, etc.).

Diversification of organisational forms within the third sector

More generally, a new generation of initiatives appeared in the final quarter of the 20th century; these initiatives were often dealing with new challenges, which were not usually addressed by traditional organizations. Such challenges included the fight against unemployment (worker cooperatives, worker-owned firms, work integration enterprises, etc.), the need to combat social exclusion (housing and urban revitalization initiatives, new services for the poorest and people at risk in many respects), local development of remote areas, etc. Public authorities, acknowledging the public benefit dimension of many activities undertaken by associations of all kinds, designed specific programmes and schemes to support them. As a result, various types of initiatives have become registered, labelled and identified with such public schemes. In some countries, legislation was even passed to create new legal forms, better suited to some types of organizations; in several cases, these new legal forms have been associated to general frameworks designed for cooperatives (this was the case in Italy, France, Portugal, Spain and Greece), while in others, they have tended to encompass various types of enterprises pursuing a community interest or a social aim (in Belgium, the United Kingdom, Italy), sometimes narrowly focused on the work integration of disadvantaged groups (Finland, Poland).[3]

In a somewhat contrasting way, we are currently witnessing the rise of new generations of associations, marked by a stronger orientation to members' interests, for instance in leisure activities, while traditional organizations pursuing the benefit of the whole community may sometimes experience a certain decline. Newer local associations also tend to remain quite autonomous, avoiding affiliation to national umbrella structures - something that was inconceivable in some countries, such as Norway, only a few years ago. Generally speaking, there seem to be major differences between nationwide powerful umbrella organizations, such as the German ones, and the quite vivid, diversified

[2] This was a central point of the first book of the EMES European Research Network (Borzaga & Defourny, 2001).

[3] For more details, see Defourny & Nyssens (2008).

and autonomous associative life which can be observed today at the local level in most countries, including Poland.

Moreover, in various countries, the move towards greater "corporate social responsibility" has led big companies to establish corporate foundations or funds or to become involved in community foundations, as in Italy. In this country, foundations have also been created on the basis of collective reserves accumulated by public banks which were privatized, and of endowments made by wealthy individuals for philanthropic organizations supporting civil society activities or social entrepreneurs.

In the same line, actors like lotteries may play an important role in the third sector. The National Organisation of the Blind in Spain, the ONCE foundation, which is based on a lottery, is by far, with over 100,000 jobs, the largest employer in the Spanish third sector. In Norway, lotteries traditionally play a crucial funding role for voluntary organizations. What is new in this regard is the increasing competition among associations to attract gamblers' interest and the strengthening of this competitive market by new funds set up by large for-profit firms.

As a result of all these trends, the third sector, although it still has some major and well identified components, increasingly appears to include a wide spectrum of organisational forms.

Interactions and partnerships with the state

In several countries, public authorities have historically supported the voluntary sector as a service provider, on the basis of the subsidiarity principle, while in other countries, such as the Scandinavian ones or, to a lesser extent, Italy, the state chose to act as the main - if not the sole - social services provider. In all cases, transformations of the welfare state in recent decades led to drastic changes in the relations between the third sector and public authorities. New types of partnerships were set up, with the state increasingly focusing on its regulatory function and contracting out the delivery of personal services.

The state did not only recognize and support existing or emerging civil society initiatives: it also sometimes took the lead in shaping and fostering voluntary organizations according to its priorities. One extreme example is provided by the former communist regime of Poland, which left as a heritage, in fields like sports and leisure, its large and wealthy quasi-public organizations, which are now supposed to behave along more autonomous and voluntary lines. Other more subtle examples include those public schemes that transform independent organizations into instruments of personal or collective service provision by regulating them very strongly and imposing norms in terms of targets, standardized processes or public accountability.

Work integration of hard-to-place unemployed people represents one of the areas where the collaboration between the state and the third sector has particularly developed and has taken many forms.[4] It seems reasonable to assert that recent moves towards institutionalization of the third sector probably reached a peak in that "field". In several countries, like Germany, Ireland, Portugal or, more recently, Sweden, as well as in some Belgian regions, the concept of "social economy" even tends to be reduced to its work integration initiatives by the public authorities; it is also the case in Poland, which benefited greatly from the EU Equal program – a programme which fostered a rather narrow understanding of the social economy concept.

This increase in the (sometimes close) interactions between the third sector and the state has tended to blur the boundaries between both spheres, as well as between public and civic responsibilities. Of course, this makes it even more difficult to define clear-cut borders for a truly distinct third sector.

Productive orientation and professionalization

As a result of these developments, the third sector has become increasingly associated with its productive role, especially as a service provider. Such an image is being reinforced in all fields where third sector organizations have to compete in the market with other private or public (for instance municipal) providers. The need for and the trend towards a professionalization of the third sector's labour force also reinforces this evolution, as do business schools by offering degrees in non-profit management.

[4] For results of a large EMES research program on work integration social enterprises across Europe, see Nyssens (2006).

Such an emphasis on the third sector's economic dimension and business-like methods may generate, within this sector, tensions similar to those that have divided cooperatives and associations for a long period. In the current context, tensions are especially likely to appear between production-oriented organizations, on the one hand, and associations for whom advocacy and/or civic commitment represent the core of their identity, on the other hand. In Italy, some non-productive associations go so far as to promote the idea of a "fourth sector", different from the third one. In a somehow similar vein, major components of the British community sector reacted negatively to the strong social enterprise promotion strategy implemented by the Blair government. It is probably why the British government decided, in 2006, to set up an Office of the Third Sector within the Cabinet Office, which came out with a definition of the third sector encompassing "voluntary and community organisations, charities, social enterprises, cooperatives and mutuals, both large and small".[5]

Along the same lines, within the framework of this reorientation of the British policy, a major initiative has recently taken place in the academic landscape: the Economic and Social Research Council, in close collaboration with the Office of the Third Sector, has decided to provide a very substantial financial support for the setting up of a new major Third Sector Research Centre, which should cover both the field of social enterprise and the voluntary and community sector in the United Kingdom.[6]

Beyond change, permanent features: volunteering and values

In spite of a clear trend towards professionalization, volunteering is increasing or remains at high levels in several countries. In Scandinavian countries, one third to one half of the population is doing volunteer work; this is also the case in the United Kingdom, where volunteering and philanthropy seem embedded in citizens' duties. Although in a completely different context, volunteering is also developing across the Polish non-governmental sector. In countries like Ireland and Belgium, a national committee on volunteering was recently established to better take into account and promote the specific role of volunteers in the third sector. The last red-green German government adopted a major report on the "Future of civic engagement" (2002), which did not focus exclusively on volunteers but nevertheless stressed strongly the importance of the latter.

Moreover, beyond all transforming forces experienced by the third sector, the latter seems to remain associated in the first place with values that are promoted and diffused in the overall society. The British government even speaks about "value-driven NGOs" to describe the entire third sector. It is also through its values that the German third sector remains a point of reference for the whole society, while various countries define the social economy by a specific set of values.

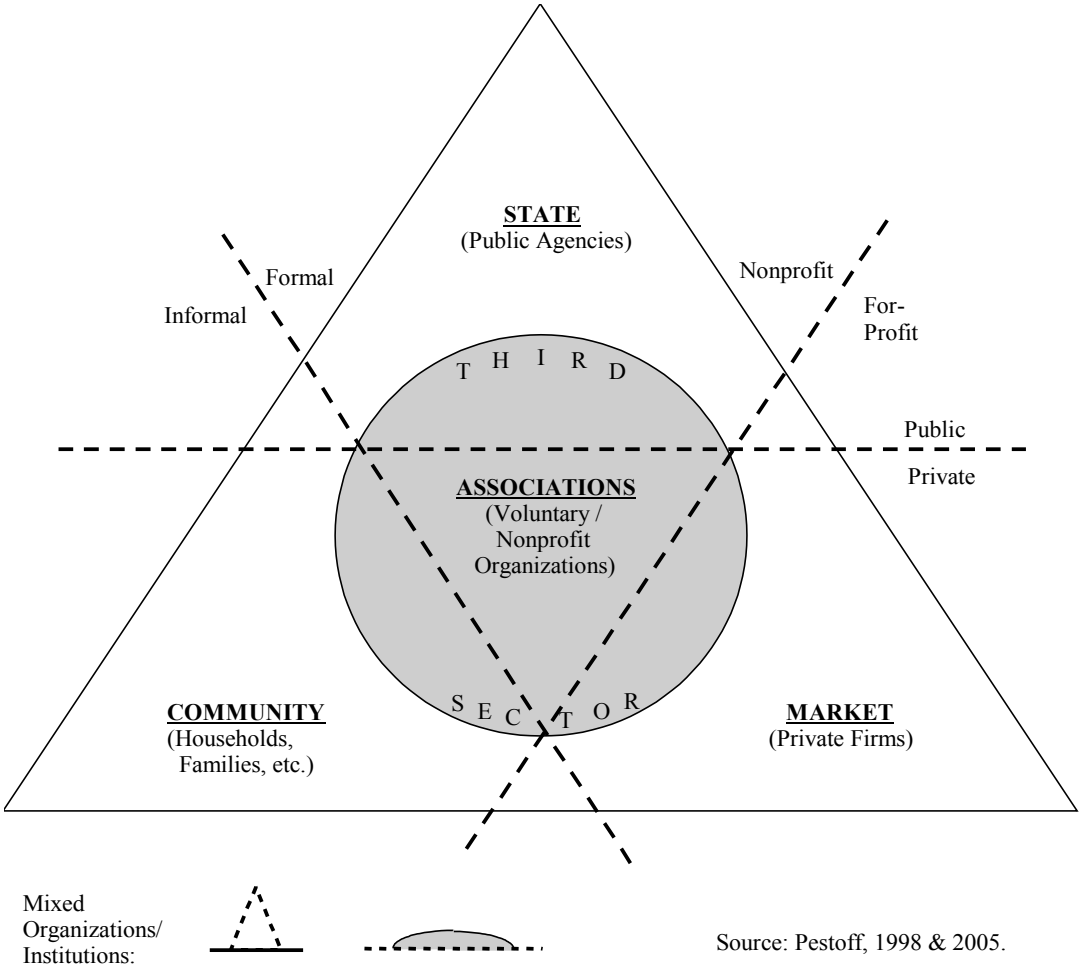
Tools for conceptualizing a third sector with blurred frontiers

As noted above, TSOs are increasingly involved in the provision of socially necessary services. According to the literature on non-profit organizations and the social economy, while the state and private for-profit companies do of course provide certain services, these services will not be of the desired quality for some groups (this is often true of uniform public services), or, as a result of their price, they will not be affordable to all the individuals who need these services (as is often the case with market provision). Thus, TSOs generally provide a necessary complement to both public and private for-profit provision of basic welfare services, or they deliver the bulk of some specific services.

Several European third sector scholars have discussed the "welfare mix", made of shared responsibilities among various types of providers, which has increasingly taken place in Europe, and some have proposed a "welfare triangle" representation (see figure 1) to better understand the relations between the various sectors (Evers 1990, 1995; Eme 1991; Laville 1992, 1994; Pestoff 1998, 2005; Evers et al. 2004).

Figure 1: The third sector in the welfare triangle

[5] Economic and Social Research Council and Office of the Third Sector (2007).
[6] Around ten million of pounds will be provided to that Centre in the next five years.



The third sector as an intermediate area: a socio-political perspective

From a macro perspective, the idea of the welfare mix, at an abstract level, expresses variations in the relative importance attributed to the institutions of the community, the market and the state as well as to associations in the governance of society. At the same time, the third sector is clearly an intermediate sector, which is intimately interrelated with the state, private for-profit companies and the informal sector. Conceiving the third sector as an intermediate sector makes an important difference for research in at least four respects (Evers, 1995, p.160):

- first, it calls attention to the importance of the social and political role of third sector organizations, which are otherwise usually only recognized for their economic role as alternative service providers;

- secondly, it underlines the intermediating role of third sector organizations, in relation not only with states and markets, but also with the informal or community sphere;

- thirdly, it emphasizes the synergetic mixes of resources and rationales available to organizations in the third sector, rather than a substitution or assimilation process between clear-cut sectors,

- and fourthly, it leads to a recognition of the great variety of ways in which intermediary organizations act as hybrids, intermeshing different resources and connecting with different areas, and it therefore underlines the limits of attempts to map the third sector precisely and to assess its accurate size.[7]

[7] Beyond those limits, such attempts of course make a significant contribution to a better knowledge of the third sector.

As stated earlier, the role of organizations with social and service-related purposes varies according to historical and political traditions. According to Evers (1995, p. 162-171), the characteristics of the third sector are shaped by and simultaneously shape the respective influence of state institutions, market actors and the informal sector of families. There is a constant tension at the border separating the central triangle, on the one hand, from the market, state and informal areas, on the other. In figure 1, these "behavioural" tensions are represented by the three dotted lines crossing the large triangle. The first type of tension concerns the conflict between the instrumental rationality of the market, which is oriented to the maximization and distribution of profits, and the solidarity-based, social and democratic values of both the third sector and the state. The second type of tension is related to state institutions and their universalistic values, which contrast with the particularistic logic of most private actors. Finally, there is a third type of tension, between formal organizations and the informal worlds of the family, personal relationships, neighbourhoods, social networks, etc., thereby making it harder to draw a clear line between the latter and the third sector in areas of help and self-help.

Those behavioural tensions give a polyvalent and hybrid nature to TSOs, which must act under the multiple influence of and are dependent on the other sectors, and in extreme cases this may result in organizational transformation. TSOs often pursue multiple goals simultaneously, e.g. providing services to members and others, lobbying for changes in the law or regulations, etc. Balancing various activities can be very difficult, and also requires transparency between the managers of TSOs and their strategic stakeholders.

Overlapping areas as a tool to deal with diversity in TSOs' behaviours

In relation to the tensions that have just been highlighted, let us now try to interpret and illustrate more precisely the areas in the figure where the third sector overlaps with the other spheres of the economy. Indeed, such overlapping areas are crucial to fully integrate the current blurring of the third sector's borders, underlined in various country notes hereafter. Even more importantly, they allow diverse conceptions of the third sector's place and role in Europe to co-exist, while stressing that such views still have a lot in common.

Taking them one by one, we find an overlapping area between *the third sector and the market* that suggests that some third sector enterprises, such as cooperatives, do fully operate on the market and seek profits while adopting other rules than those of typical capitalist companies. For example, shareholders only receive a limited return on capital and the decision-making power is distributed among members, like in many other TSOs, on the basis of the "one member, one vote" principle. Incidentally, such cooperative principles are rooted in a historical matrix of the 19th century from which cooperatives, friendly societies and all kinds of associations emerged as expressions of the "civil society" in those times.

This first overlapping area represents most of the cooperative movement, but it also illustrates the dangers inherent in such intermediary positioning: a multiplicity of goals indeed increases the risks of goal displacement or organizational atrophy associated with the pursuit of conflicting goals, what did actually happen with some big cooperative firms which increasingly behaved like their capitalist counterparts and did not make enough efforts to maintain or reinvent their cooperative specificity. The same area also provides some insights on the fast development of so-called "social enterprises". Indeed, many social enterprises are clearly market-oriented while pursuing primarily a social aim, so they may be found in this area as well, even if they distribute part of their surplus to their owners.

In other cases, social enterprises may appear in the upper zone of the circle, especially when they are promoted by state programs which strongly support the professional integration of long-term unemployed or unskilled people (Defourny and Nyssens 2008). This leads us to the overlap between *the state and the third sector*, where the increasingly blurred border between the public and the private (non-profit) sectors may result in new or hybrid types of organization. An example hereof is provided by quasi-public organizations, or what Streeck and Schmitter (1985) refer to as "private interest government", where the division between the public and the private sectors almost disappears: private non-profit organizations are explicitly given official public responsibilities in terms of defining and implementing public policy. Such quasi-public organizations often comprise the nexus of networks of public and private bodies with strong mutual interest in regulating a certain field (Kenis 1992). TSOs

becoming involved in the regulation of certain public matters, such as farmers' cooperatives that became involved in regulating agricultural production, prices, import quotas and export subsidies in Sweden (Pestoff 1991), illustrate this trend. This overlapping area also integrates the increasingly important partnerships between TSOs and public authorities. For instance, in the fields of education and health as in various other fields, it is quite common for the state to prefer to delegate the provision of social services and to conclude contractual arrangements with private non-profit schools, hospitals or mutuals that it heavily finances. The strict regulation and supervision that the state imposes on these organizations explain why such TSOs appear to be located closer to the public sector than at the very centre of the third sector.

Finally, when examining the overlap between *the community and the third sector*, we note numerous examples of mixed organizations. A formal non-profit organization may for example attract the support of numerous individuals who are not necessarily members of the organization, but who nevertheless contribute their time and/or money to support its activities and to help this organization achieve its goals. A variety of mutual-aid and self-help groups also belong to this category; in some cases, the "members" have not yet created a formal association, while in other cases, the association does not restrict its activities to "dues-paying members" and is open to all the persons in the community who are supported by the mutual-aid or self-help group. Moreover, many new local non-profit initiatives not only start without any legal framework, relying exclusively on the work of volunteers; many of them also remain informal, do not register nor adopt any legal status, although actually providing some services. In any case, this third overlap also helps, as the two others, to avoid establishing a strict frontier between stages in organizations' trajectories.[8]

Service provision and advocacy: avoiding a zero-sum perspective

In many of the brief country reports contained in this study, the growing tendency towards third sector provision of some kinds of social services is associated with an increasing dependency of TSOs on government funds, and these are increasingly allocated under strict contractual arrangements and in competitive contexts. This is accompanied by a growing professionalization of TSOs as providers of social services.

In spite of the risks of isomorphism that have already been mentioned, a growing dependency on state funding and a trend towards professionalization are not by definition a threat to the independence or influence of the third sector. By providing services, a TSO may obtain more resources and recognition than otherwise to pursue its key social mission and promote its core social values. This is not a zero-sum situation, in which more service provision would mean that less effort is devoted to advocacy and opinion formation. Both continued professionalization and increasing government funds may give an organization more - rather than less - political impact. The TSO can evolve from being a "powerless outsider", competing for the attention of "political insiders", to assuming the role of an influential, if somewhat more moderate, insider, and still remain dedicated to promoting its key mission and core social values. In other words, clear-cut situations of either advocacy or service provision are becoming less frequent in most of the European countries included here.

While these brief country overviews merely scratch the surface, they do nevertheless underline the growing complexity of the changing role of the third sector in Europe. It is why various EMES scholars have tried for long to contribute to a conceptualization of the third sector allowing a more dynamic and variegated picture of change and growth.

[8] The other overlapping areas in the figure have the form of small triangles. They represent entities such as informal partnerships among public agencies (on the left), public enterprises mainly seeking profits (in fields where the public ownership does not make any more difference), or private informal initiatives (for instance, work in a "black" or "grey" market).

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BELGIUM

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Concepts

The "third sector" concept is almost unknown in Belgium, but other terms are frequently used to point out some of its main components: the "associative sector" or the "non-market sector" in the French-speaking part of the country and the "midfield" (*middenveld*) or the "social-profit sector" in the Flemish region.

However, when considering Belgium as a whole, the term which corresponds more closely to the notion of third sector is that of "social economy". Since 1990, this notion has been increasingly recognized, on the basis of a first official "Report on the social economy in Wallonia". The latter states that *the social economy is made up of economic activities* (in a broad sense) *carried out by cooperatives and related enterprises, by mutual societies and by associations whose ethical stance is represented by the following principles: a purpose of serving members or the community rather than seeking profit, an independent management, a democratic decision-making process, and the primacy of people and labour over capital in the distribution of income* (Conseil Wallon de l'Economie Sociale, 1990). In Flanders, although the concept of social economy has not yet achieved the same legitimacy (among field actors and public authorities) as in the southern part of the country, a related definition has been proposed later by a group of field organizations.

Positive effects of public recognition and promotion

From an institutional point of view, the recognition and the promotion of the social economy in Belgium may seem impressive. All regional governments now have a minister in charge of the social economy (often with other spheres of competencies) and the federal (national) government includes a State secretary only devoted to the "social and sustainable economy". Moreover, various tools have been set up in the last ten years to provide social economy initiatives with credit facilities, securities and seed capital as well as technical support through dedicated consultancy agencies.

In this context, various parts of the social economy have experienced a significant growth - in the recycling industry and environmental activities, in quite diverse activities carried out by work integration initiatives, as well as in the wide spectrum of personal services. In the last four years, a subsidised "voucher system" for house cleaning and related home services has extracted 80,000 unskilled workers (mainly women) from the black market by offering them a normal labour contact; about one fourth of these jobs (one third in terms of worked hours) have been created within social economy organizations.

In the very last years, the importance of the associative sector has been heavily underlined by the pioneering work carried out jointly by the National Bank of Belgium and the Centre for Social Economy (University of Liege) to set up a first "satellite account of the non-profit sector". According to the latter, non-profit associations represent around 15 per cent of all wage-earning employees in Belgium when including private non-profit schools and hospitals, and still about 8 per cent without these two major industries. When taken globally, the associative sector accounts for more than 90 per cent of the whole social economy. The cooperative movement, for its part, has experienced major transformations and a strong decline in job numbers over the last decades, although it is still significant in services provided to agricultural producers as well as in pharmaceutical distribution. As already mentioned, new cooperatives also appear as work integration social enterprises in various emerging fields. As to mutual societies, although they manage various types of home care services under the legal form of association, they are mainly seen as delegates of the public authorities, serving as an interface between the central health insurance public fund and their members (practically all Belgian adults belong to a mutual).

Challenges ahead: tensions and traps

In spite of all these steps toward its recognition and promotion, the social economy still has to face major challenges as several tensions and traps tend to create confusion in the perception of the sector.

The first of these traps could be named the "Flemish trap": as many initiatives aiming to reintegrate very disadvantaged people into society and the labour market have long been referred to as "social", various public policies (first in Flanders and now in Brussels) tend to see the social economy as reduced to its part focussing on that mission.

Secondly, there is also a "Walloon trap": as the Southern part of Belgium needs more SMEs and market-oriented entrepreneurial initiatives, its government tends to put the emphasis on the "market social economy", i.e. cooperatives and associations selling goods or services to customers; this leads to a vision of the social economy leaving aside a very significant part of the sector – namely the part relying on public subsidies, private contributions and volunteering. Although most umbrella organisations have constantly opposed such a temptation to see the market social economy as the only true and credible social economy, various public policies measures are designed for this sole kind of initiatives.

Finally, it is possible to identify a "borders' trap": several components of the social economy cannot be located within neat borders. For instance, mutual societies are clearly on the bridge linking the public and the third sector. Among the latest developments, a growing number of work integration social enterprises are being set up by public bodies, especially to benefit from the attractive "voucher system" in house cleaning services; these initiatives too are obviously "borderline cases". Therefore, any attempt to draw clear-cut frontiers may lead to more confusion as it underlines the difficulty of getting a neat picture.

But beyond these traps on the road towards the recognition and promotion of the social economy as a sector, what is most striking is the growing interest for it, not only on the political scene but also for a growing audience, as a matter whose understanding has to be deepened: for instance, most Belgian universities now have courses and/or research programs explicitly devoted to the social economy.

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DENMARK

Anne Liveng

In Denmark the concept of "third sector" is known and used especially by public authorities and in the academic field. Academics and public authorities also use the concepts of "non-governmental organizations" (NGOs) and "non-profit sector". However, in society at large and in Danish everyday language, the most broadly used terms are those of "voluntary work" or "voluntary organizations".

Voluntary organizations have played an important role in the building and development of the Danish welfare society. The roots of the Danish third sector go back to the nineteenth century, where it was closely connected to the struggle for democracy and enlightenment of the Danish population in general. The workers' and farmers' cooperative movements were then the most influential actors. The farmers' cooperative movement was of central importance for facilitating the economic interests of farmers, but it also served their educational, cultural and political interests, e.g. through the still-existing Danish High School Movement (*Folkehøjskoler*). There has always been a close connection in Denmark between the public and the third sectors, and their relation has been characterized by cooperation and consensus.

During the last decades, the public sector and the third sector have got closer to each other regarding forms of practice and thinking. The interaction between the two sectors has increased, primarily because the public sector has started to involve voluntary organizations in the carrying out of political decisions, in particular in the social area. Moreover, organizations in the social and health areas are to a high degree dependent of paid staff members, and this makes them gradually more similar, in terms of ways of organizing and carrying out their work, to public organizations. Indeed, many organizations have evolved into service providers or entrepreneurs for the public sector, while politicians and administrators increasingly consider third sector organizations as a means to implement public social policy. This involvement of the third sector in politically decided programs increasingly takes place through the use of contracts, and funding often takes the form of "project support".

The "voluntariness research"

The Danish third sector has recently been mapped in the so-called "voluntariness research" (www.frivillighedsus.dk) (Haberman et al. 2006). This research documents that the voluntary sector has a considerable economic and occupational importance. Indeed, the voluntary sector's turnover in 2004 amounted to 134.5 billions DKK (equivalent to almost 20 billions euros), which corresponds to nearly 10 per cent of the Danish GNP. Paid work in the sector corresponded in the same year to 140,620 full-time equivalents, while unpaid work corresponded to 110,041 full-time equivalents. The importance of the sector in terms of paid jobs can be accounted for primarily by the high number of independent institutions in the area of welfare, where nearly 67 per cent of the work carried out is remunerated work and the payment of salaries amounts to 48 per cent of all the expenses of the institutions.

In 2006 it was estimated that the Danish voluntary sector included more than 83,000 local associations, 6,200 funds, nearly 8,000 independent institutions (primarily in the area of education and care for children, elderly and physically or mentally handicapped people) and 3,000 nationwide associations. Local associations would typically be linked to the more personal interests of the volunteers; examples include house- or boat-owners' associations, associations connected to public or private schools, associations connected to cultural interests, etc. In general, nationwide associations are more orientated towards public utility and they are found in the areas of health, social support, the environment and sports.

As it appears, voluntary work is carried out in a variety of areas. Sport activities are definitely the most popular; they are followed by activities connected to housing and local communities. In third position come activities linked to social and health issues.

Half of all voluntary organisations were created after 1975, and one quarter after 1990. The proportion of people carrying out voluntary work has increased markedly in the last years: while in 1993 around one quarter of the population carried out voluntary work, this figure reached one third of the

population in 2004. At the same time the number of members and participants in organisations and independent institutions also grew.

Volunteers are recruited from all groups of society but the most active groups in terms of volunteering are also the most active groups in other respects. Indeed, the group of the busy 30-49-year-old parents with children is the group with the highest proportion of volunteers. People belonging to the oldest age groups, unemployed persons and low-educated citizens are those among whom the proportion of people carrying out voluntary work is the lowest; the general inequalities of society so to speak also show in terms of involvement in the third sector. Only in the area of social and health issues are these three groups engaged on equal terms with the rest of the population. It appears that people belonging to groups characterised by a high level of educational, economic and social capital are more likely to become involved in the third sector. But the research also points to new potential volunteers, especially among young people: approximately one third of the interviewees answered that they did not carry out voluntary work but would like to do so.

Members and organisations' new roles in a modernized welfare state?

Voluntary organisations perceive their members as less faithful and integrated in the organisation than earlier (Gundelach 1996). Indeed, an instrumental view of the voluntary contribution seems to have become more widespread among volunteers. Researchers point to a more vague ideological foundation of the organisations as a reason explaining the more fluctuating role of membership. In some parts of the third sector, the heavy dependence on public support has meant that the increase in professionalisation has occurred at the expense of the ideological basis of the organisations. On the other hand politicians put greater emphasis on the organisations' role as promoters of societal integration - that is to say their contribution to the creation of common values and norms.

Which consequences will an increased economic cooperation between the public welfare state and the third sector have regarding the sharing of the responsibility for carrying out welfare tasks (Kangas & Palme, 2005)? This is an important question in the current Danish debate. According to the "voluntariness research", the third sector does not consider itself as the watchdog of democracy, neither could it be expected that the sector play a more central role than it already does in a new division of labour between the public and the third sector. For most voluntary sector entities, it appears unrealistic to expect an increase in the responsibility of the third sector for offering a public solution to politically defined problems. But the sector consists of many different organisations, some of which are actually engaged in carrying out politically defined welfare tasks.

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FINLAND

Pekka Pättiniemi

The economic crisis of the 1990s and the problems in employment and financing of the welfare state recently highlighted the potential of voluntary and civic associations; the third sector became visible, particularly as an actor in social policy.

Various labels have been used in the Finnish context to refer to the third sector: unofficial sector, voluntary sector, non-profit sector, non-governmental sector, organisations of general interest, social economy, civil society and intermediate sector. The most proper term nowadays to refer to the Finnish third sector may be that of civic organisations (Julkunen 2006: 118), but the latter only corresponds to the associative part of the sector. Defining which types of organisations belong to the third sector has often been problematic in Finland, but there is a general agreement in the general public about the terms best describing the sector (general interest, ethical, social, voluntary and non–profit) and the activities of its organisations (which are often referred to using the words of solidarity, individual, freedom of choice and flexibility) (Harju 2000: 11–14.).

Boundaries and importance of the Finnish third sector

Taking into account cooperatives, mutual societies, foundations and associations, we obtain total figures for the third sector of some 130,000 organisations, 9,500,000 members[9] and 181,500 employees. Associations represent by far the largest group in terms of number of organisations: in 2005, there were 123,000 so-called "civic organisations" in the country; these represented 3,700,000 members and 63,000 employees. Despite their comparatively small number (some 3,700 organisations), cooperatives constitute the main employer in the third sector, with some 95,000 employees (Pättiniemi 2006).

The third sector is producing a growing part of the social and health services. In 2004 municipalities (which are the most important providers of social services in Finland) already bought about 17 per cent of social services and 4 per cent of health services from third sector organisations (Huotari 2006).

The major source of income of third sector organisations is private donations (57.9 per cent of the total income), followed by public sector funding (36.2 per cent). Organisations providing health care and social services derive respectively 51 per cent and 27 per cent of their income from public sector funding, whereas members' fees and sales represent 46 per cent of the income of health care organisations and 38 per cent of the income of social services organisations (Kari and Markwort 2004).

The boundaries between the Finnish third sector and the public sector or the private for-profit sector are not clear-cut ones. The co-operation between the public sector and welfare associations is often centred on established activities of large-scale associations. Some of these associations have no special democratic organisational characteristics; they are providing services with public sector funding and are closely monitored by the state. Many traditional associations for disabled persons, for example, are performing as extensions of the state and their way of working resembles closely that of public sector organisations. On the other hand, other associations providing welfare services are hard to distinguish from private sector providers (Huotari 2006).

The role of the third sector

With the development of welfare pluralism, the third sector nowadays finds itself in a situation of competition with the other actors (private companies, public entities and unofficial providers - i.e. families) providing welfare services. In such a context, values and ways of working are adapted from each other and are being reorganised in all the sectors. The overall intention is not necessarily to abandon the characteristics of the Nordic welfare state, but rather to test the adaptability of the model's universality. In this changing context, new questions emerge; for example, are third sector organisations supplementing the existing public sector services, or do they embody a wholly new way of providing services? As a service provider, the third sector is regarded to be quite heterogeneous: it

[9] Membership numbers may be overlapping. For example a standard member of a cooperative is also a member of 4 to 5 other cooperatives.

may include organisations as diverse as self-help groups, cooperative service provider organisations and working and housing communities.

From the ethical point of view, the third sector is loaded with positive characteristics and ideals, conversely to the other sectors; the third sector represents communality, flexibility and solidarity. In this perspective, the third sector is sometimes viewed as a kind of "saviour", able to "heal" society through the spreading of its values to the other sectors, which then adapt them and start behaving according to these values and ethical codes. In her article entitled "Dialogue of Economics and Ethics", Professor Aila-Leena Mathies (1999) describes the third sector as such a kind of saviour or ethical area.

The economic perspective emphasises the economic importance of well-established associations. Through its economic modernisation, the third sector is incorporated closely into markets and into the structures of the welfare state (Matthies 1999: 40–5.). But this modernisation of the third sector should not be realised only by adopting market economy principles; the ethical aspect should not be forgotten in the process.

Present expectations for the third sector

The third sector is regarded as a societal experiment and development area, but its strengthening cannot on itself solve all the societal problems, nor is legitimating the third sector in the service area the most important aspect of the current evolution of Finnish society. Expectations are high as regards employment: the third sector is viewed as a source of new employment opportunities, both on traditional wage earner-type of relations and on new types of employment relations, such as those combining voluntary and paid work.

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FRANCE

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Third sector images and concepts

In France, the term "third sector" has so far been little used by public authorities and representatives of civil society. Its use remains, for the moment, limited to an academic and predictive field of debate. At this level, behind a common rejection of a philanthropic conception of the third sector founded principally on charity and voluntary participation, lies, on a larger scale, a certain French reticence to conceive the third sector as an exclusively not-for-profit sector (Evers and Laville 2004). Indeed, such a conception is perceived as an acceptance of the dichotomy between the economic and the social – a dichotomy which is rejected by the French social and solidarity economy.

The concept which comes closest to the North-American approach adopted by the Johns Hopkins Project (Salamon and Anheier 1997) - which is dominant at the international level and defines the third sector as the sector grouping together all non-profit organisations – is maybe that of "the associative life" (*la vie associative*).[10] But this concept not only excludes mutual societies and cooperatives from the third sector; it also fails to take into account the social entrepreneurship dimension of associations. This latter aspect has become particularly important in France with the development of economic activities carried out by associations and the creation of numerous jobs by the latter in the last 20 years. Contrary to what is the case in some other European countries, leaders and promoters of the associative life consider themselves - for historical and institutional reasons - to belong to the same world as cooperatives and mutual societies, as they are all part of a different way of "making economy".

The concept of social economy combines a legal approach based on legal forms (cooperatives, associations and mutual societies) with the definition of common ethical and organisational principles, among which a limitation (rather than an absolute ban, as in the non-profit approach) on the distribution of profits. The social economy, considered as a whole, represents 11.7 per cent of French NGP and 1.8 million full-time equivalent jobs.

As for the solidarity economy approach,[11] it emphasises the development model, citizen participation in the production of goods and services and the economic mix of resources; it insists on the plurality of economic principles (market resources, public redistribution and voluntary commitment) to understand the political dimension of some new economic initiatives in the resistance to the extension of the market and in the new interactions between economy and democracy.

The border between the social economy and the solidarity economy could appear as thin from an external point of view; however, the existence, before the French elections, of two different manifestos (one of which, the "Manifesto for the solidarity economy", was published in *Le Monde*) to promote these two sets of organisations underline the ambiguous relationship between these two dominant French approaches. To summarize, one can say that beyond strong analogies between the two concepts, marked differences appear when considering the empirical and concrete initiatives they refer to – mainly initiatives for disabled people in the case of the solidarity economy – but also regarding the level of radicality of their respective political proposals.

Recent trends

Local public policies supporting the solidarity economy

Whereas the 1980s were, to a certain extent, the first phase of institutionalisation of the social economy at the national level, with the recognition of some national umbrellas (such as the CNLAMCA) and the creation of a National delegation to the social economy, the 2000s witness the first signs of integration of the solidarity economy in the public action.

[10] In the academic field, Edith Archambault, economist, who participated in the John Hopkins project for France, or, in a political science perspective, Martine Barthélémy may be considered as the main promoters of this concept of "the associative life".

[11] Figures are available on specific types of organizations, but it is very difficult to obtain figures on the solidarity economy sector as a whole.

Since the short existence of a State secretary to the solidarity economy (2000-2002), a significant change has been the emergence of local public policies dedicated to the social and solidarity economy,[12] with the election of hundreds of solidarity economy delegates in local authorities. In many cities (Nantes, Lille, Grenoble, etc.) and regions (Nord-Pas de Calais, Provences, Alpes, Côte d'Azur, etc.), local policies mobilising social and solidarity economy organisations and local networks have been gradually implemented.

New academic networks

As a consequence, politicians have often been, in recent years, at the forefront of demands for improved quantitative and qualitative understanding of the sector, as well as for evaluations of the programmes implemented. This resulted in an increase over the past few years in the number of reports, studies and publications focusing on the social economy, the solidarity economy and associations.[13] Besides, the existence of platforms for academic dialogue (such as the *Inter-réseaux Universitaire de l'économie sociale et solidaire*[14]) has contributed to strengthen the ties between professors and doctoral students, and collaborations between research centres and universities. This new kind of academic networking has been the consequence of the development of several Masters dealing with the social and solidarity economy.

The new legal status of "collective interest cooperative society"

Following Lipietz's report on the need for the creation of a new legal status for economic initiatives producing positive and collective externalities, the legal framework for cooperatives, which had been defined in 1947, has been adapted to current needs, after collective debates on the matter,[15] leading to the creation of a new legal form, namely that of "collective interest cooperative society" (*société coopérative d'intérêt collectif*, or SCIC). If the number of SCICs remains quite low (97 in August 2007), the qualitative changes they imply are meaningful, both regarding the French debate and the place of the solidarity economy, in particular in relation with traditional initiatives from the social economy. Fields of activities are broader than before and original; they include social housings, cultural broadcast initiatives, work integration, microfinance and micro-insurance, and support to environmental development (for details, see www.scic.coop). Democratic principles and support to alternative economic rationality are also underlined through the multi-stakeholder principles and the ways in which decisions are made, particularly regarding the use of financial surplus.

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[12] For a first analysis, some studies and an international comparison of local public action in the field of the solidarity economy, see Laville et al. (2005).

[13] All regional studies undertaken as part of the research programme of the *Secrétariat d'Etat à l'économie solidaire* can be consulted on the DIES website: http://www.association.gouv.fr/rubrique.php3?id_rubrique=18

[14] See details of the 5th *Rencontres Inter-Universitaires* in Marseille on the Cefi website: http://www.univ-cefi.fr/article.php3?id_article=580

[15] Note that these debates often implicated academics representatives of networks mentioned above, thus establishing clear relationships between theoretical reflexions on the matter and concrete developments in the field.

GERMANY

Adalbert Evers

Historical developments

If one wants to understand the ways "third sector issues" are taken up in Germany, one has to look back onto both long-time and more recent historical developments.

"Long-time development" goes back as far as the turn from the 19th to the 20th century, when the Churches in Germany engaged in creating local responses to various social problems and needs, especially in the field of social policies. The various associations created in the process national umbrella organisations ("*Wohlfahrtsverbände*"). In the framework of the subsidiarity concept, they became (and have remained until today) important partners of municipalities, state institutions and social insurance in providing health and social services. In the 1920s, the social democratic movement also created its own national umbrella organisation. Today, about 50 per cent of all social services and a large part of hospital services remain provided by such organisations – which could, in abstract terms, be referred to as third sector organisations, even though more than 80 per cent of their resources come from public funding. Cooperatives did not fare as well; the broad and powerful movement of cooperatives only survived in the form of an umbrella body for small craftsmen and peasants on larger markets. As to the labour-related parts of the cooperative movement, they did not survive fascism and the early days of the new German welfare state that took shape in the 1950s (on this subject, see Bode and Evers 2004).

Winds of change date from more recent historical developments, namely the 68 movements and their social and cultural follow-ups: the blossoming of a vast plurality of small-scale initiatives, projects and self-help groups, loosely networked alongside policy fields (culture, health) and receiving, in most cases, public support in the form of unstable municipal support. Later on, these developments, together with concerns about social integration and the evolution of the welfare state, led to the emergence of topics which are still today the most important points of reference of this new generation of initiatives: the idea that they have to strengthen the civil society and citizens' common sense and to revive or find new forms of individual commitments, such as volunteering. At the same time, the former generation of organisations and their "*Wohlfahrtsverbände*" have further expanded in their socio-economic key role, but they have also taken a more commercial and managerial route; throughout their evolution, their credibility has been (and remains) good, but they do not have a sharp reform profile nor an approach that gives or revives, in future-oriented forms, a civic and popular image.

Current trends: blurred sectorial borders

In the course of the red-green government period (1998—2006), concepts such as "the activating state" complemented the overarching themes of civil society, public commitment, volunteering and citizens' participation. An important landmark was the official report of the Parliamentary Commission on the Future of Civic Engagement (Enquete-Kommission 2002). These issues have won significance among public and third sector actors in fields like culture, local urban renewal, child care services, labour market integration and all kind of initiatives fighting against social exclusion and discrimination. Latest developments include debates on the increasingly important role of foundations, corporate citizenship and corporate social responsibility, on the one hand, and - given the increasingly central role of consumption and private provision of public goods - issues of consumers' movements and rights.

It is sometimes difficult to assess the extent to which participation, activation and volunteering represent new faces of civil society, and the extent to which they are parts of new forms of policies implemented by the state and administrations in the social field. Many projects, initiatives and participatory approaches depend on public money, programs and action. Recently a large congress in Berlin has brought together activists, experts and researchers under the title: Civil Society – Claims and Realities. It reflected the fact that the civil society discourse, even though it is strong on the more general level of cultural aspirations and discourses, has very little impact on the conception and implementation of social reforms in such central areas as health, social security and labour market integration.

Third sector concepts in the general public and the academic world

All in all, in Germany, the issues and points of reference of the general public regarding the third sector have less to do with notions of a sector than with values, forms of commitment and new forms of joint governance crosscutting sectorial lines.

In academic research different streams coexist. There are first basic theoretical studies on the various notions of civil society. Much can be found here about the size and economic power of the third sector according to the Johns Hopkins approach (Zimmer and Priller 2004). There are studies about the managerial shift in the big voluntary agencies. Much research takes the form of evaluation studies accompanying government programs that deal with associations and participation in various policy fields. Research on corporate social responsibility (partly funded by private corporations and their organisations and foundations themselves) and on foundations is increasing. Finally there is a beginning of basic research on consumers' movements and the emergence of "citizen-consumers".

While the third sector is - at least in academic and professional debates - an established point of reference, one cannot say so when it comes to the "social economy" or "social enterprises". Work integration social enterprises e.g. exist in large numbers but they have difficulties to be perceived and recognised as specific types of organisations The overall strict separation of the economic and the social is only waning a bit in casual debates on issues of local economy, ethics economies, etc. that take place in the context of policies of urban renewal and local concepts for integrating cultural and ethnic minorities

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IRELAND

Mary O'Shaughnessy

The Irish third sector

The roots of the Irish third sector can be traced back to the charitable and philanthropic organisations, many church-based, of the 18th century. The 2000 White Paper of the European Union, *Supporting Voluntary Activity* (Department of Social, Community and Family Affairs, 2000) defines the third sector in Ireland as comprising two discrete subsections – a community sector and a voluntary sector ("voluntary sector" being the term most commonly used in Ireland to refer to the non-profit sector).

The voluntary sector, the largest of the third sector's subsections, "spans from the formally organised charity of religious orders to the *meitheal* - or self-help activities of individuals and communities" (Donnelly-Cox et al. 2001). Many voluntary sector organisations are major services providers, particularly in the fields of health, disability and services for the elderly (Donoghue et al. 2006).

Donoghue et al. (2006) suggest that definitions of the nonprofit sector have typically been based on the activity or structure of the organisations. They argue that the Irish non-profit sector has been marked by legal complexity and policy inaction and continues to operate in the absence of a sector-specific policy.

The relationship between the state and the Irish third sector

Donnelly-Cox et al. (2001) describe the historic relationship between the state and the third sector and suggest that it has been characterised by the principle of subsidiarity: third sector organisations traditionally delivered a range of social services typically funded by the state. This dependence of the community and voluntary sector on state funding has led to "tensions and debate about the continued autonomy and independence of the voluntary organisations". Repeated calls for a more formal policy in this area eventually culminated in the publication of the abovementioned 2000 White Paper, *Supporting Voluntary Activity*. This provided a basis for the establishment of a formal policy on third sector and state relationships. It was followed in 2002 by the establishment of a National Committee on Volunteering. In 2006, the Irish government introduced the General Scheme for the Charities Regulation Bill. This Bill, when enacted in legislation, should address the current absence of a statutory definition of charity and charitable status.

Third sector's resources

Various commentators have traditionally discussed the issues surrounding the resourcing of the Irish community and voluntary sector - in particular the consequences of an extensive reliance of this sector's organisations on the state for their existence. A recent survey of over 4,000 non-profit organisations highlighted that their main source of income was the state (followed by the local community and wider society). This indicates the continued dependence of this sector on state support (Donoghue et al. 2006).

Recent trends

Donoghue et al. (2006) have recently published findings derived from the already-mentioned national survey of over 4,000 Irish non-profit organisations. In summary, this report identified several trends within the sector.

It first appears that the age of the organisations surveyed influences both their degree of formalisation and their size. Indeed, increased formalisation was evident among the population of respondents; organisations incorporated as companies limited by guarantee tended to be younger. The relationship between age and size was equally evident: older organisations tended to be larger than younger organisations.

A relation also exists between the age of the organisations and their resource structure. The cohort of organisations founded between 1987 and 1996 has the largest proportion of state-supported scheme staff. This group of organisations also constituted one of the most resource-vulnerable[16] age cohorts.

[16] By "resource-vulnerable", the authors essentially refer to a dependency on state funding; conversely, "resource-secure" organizations are defined as those whose dependency on state funding is limited.

Analysis of the organizations' resources in terms of sectors of activity also revealed that the most resource-secure groups were philanthropy, trade unions, sports and recreation, advocacy, law and politics and development and housing.

As far as human resources are concerned, the number of volunteers recorded among responding organisations was 1,570,408. The group of volunteers tended to be male dominated. In contrast, women were predominant in the employee population of the responding organisations (women outnumbered men in full-time employment by a ratio of 2:1, in part-time employment by a ratio of 4:1 and in state support scheme employment by a ratio of 1.65:1). The most important relationship for generating human resources were found to be with the local community and society in general.

Finally, as regards the areas of activity, Irish non-profit organisations were most numerous in the field of development and housing, education and research, sports and recreation, culture and arts, social and community development and social services.

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ITALY

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Growth of the Italian third sector

Similarly to other EU countries, Italy has registered in the 1990s a considerable quantitative growth of the third sector as a whole,[17] which was particularly marked in those Italian regions where the phenomenon was less developed (i.e. the Central and Southern regions, which account respectively for 21.2 per cent and 27.7 per cent of Italian third sector organizations[18]). This quantitative evolution has been accompanied by an increasing trend, among public administrations, to contract out the supply of social services. The development and increase in number of third sector organizations has been strongly related to the production of traditional welfare services, but it can also be accounted for by the fact that the supply of services increased as well in fields other than welfare, including culture and art, education and environment.

Organizational forms and fields of activity

At the theoretical level, the main concepts used to refer to entities other than public agencies and for-profit organizations are the ones used by the literature at the international level, i.e. the non-profit sector, the third sector and social enterprise. At a more practical level, the definition of the third sector used by both practitioners and policy-makers refers to the sum of the organizational forms that have been legally recognized in the last two decades, in an extremely fragmented way, through a number of specific laws - including those regulating voluntary organizations, social cooperatives, social promotion associations and non-governmental organizations. A general policy law addressed to the third sector as a whole has not been issued yet, and a cross-fiscal legislation has added further to the confusion of the sector. Basically, the legal forms usually included in the third sector according to this approach are associations (202,059 entities in 2001[19]), social cooperatives (4,651 entities), and foundations (3,008 entities).[20]

Most of these organizations (some 63 per cent of third sector entities) are active in the field of culture, sport and entertainment. The second most important field of activity in terms of number of organizations is that of social care (8.7 per cent of organizations); it is followed by trade unions and interest groups (7.1 per cent), education and research (5.2 per cent) and health (4.4 per cent).

Heterogeneity and diversification of the third sector

A hallmark of the Italian third sector has always been its heterogeneity - hence the attention paid by this brief document to aspects of diversity. In recent years, the various organizational types that compose the third sector have not grown at the same rate: whereas voluntary organizations and traditional associations have registered a slight growth, both productive (social cooperatives and associations) and grant-making organizations (such as banking foundations) have increased more markedly.

Moreover, the quantitative growth of the third sector has been coupled with a diversification trend at various levels, which was the result of various forces at play:

- the multiplication of legal forms and the increasing differentiation of the organizational types that compose the third sector (productive organizations versus voluntary organizations), as well as the acknowledgment of the relevance of local contexts by legislation;
- the development of new activities in sectors other than the welfare sector, including culture, education, environment;
- an increasing territorial differentiation, generated by the various welfare models (centralized versus liberal) implemented at the regional level and by the more or less favourable attitude of

[17] According to the first census on non-profit institutions and enterprises, which was conducted in 1999, 55.2 per cent of the existing organizations were founded in the 1990s (ISTAT 2001).
[18] ISTAT (2001).
[19] Including *de facto* associations.
[20] According to ISTAT (2001). To these add 7,861 entities with other legal forms.

local administrations towards certain organizational types (social cooperatives versus associations);

- the increase in competition among various organizational types engaged in the supply of social services.

Another important feature of this differentiation trend is the entrepreneurialization of the third sector. The latter has not been supported by all the third sector components. One divergent tendency has been the one shown by voluntary organizations, which tend to define themselves as a "Fourth Sector", in an attempt to distinguish themselves from third sector organizations characterized by a productive orientation. Furthermore, various associations operating at the national level through a myriad of local branches (both catholic and lay) have opposed the new law on the social enterprise, which acknowledges the shift towards a productive stance that has characterized an increasing number of third sector organizations.

One of the consequences of this differentiation trend is the increasing incapacity of the *Forum del Terzo Settore* – the third sector representation body - to speak with one voice at the national and local levels and to represent the interests of the various groupings and families that compose the sector. By contrast, we are witnessing the multiplication of umbrella organizations tailored to specific legal forms, sectors of activity, territorial areas, etc.

The picture portrayed is rendered even more complicated by an emerging dynamic: the recent re-internalization of the supply of social services by public agencies, through the re-centralization of the supply and the creation of public shareholding companies. This dynamic occurs at a local level and is extremely difficult to grasp and assess. This is also a result of the strong decentralization process, which has been promoted at both vertical and horizontal levels.

Research

The process of growth of the third sector has been accompanied by new research devoted to the study of the third sector phenomenon, the creation of new research groups by an increasing number of universities, and a wider and more specialized supply of training programmes addressed to both graduate students and workers of third sector organizations. This confirms the increasing relevance of the topics related to the development of the third sector and the existence of a growing demand for new managerial and organizational tools apt to improve the performance of third sector organizations.

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NORWAY

Bernard Enjolras

Images and concepts

In Norway, the dominant term in the field of the third sector is that of "voluntary organizations" (frivillige organisasjoner), which are primarily associated with membership, participation, volunteering, and democratic structures. The term "non-profit sector" is seldom used or understood outside a narrow group of researchers and experts.

Many civil associations in Norway were formed as national voluntary organizations. Those with their roots in the first half of the 19th century reflect the processes of nation building and political mobilization; this first wave of national civil associations was based on a broad mobilization of people around religious, social and cultural issues. During the latter part of the 19th century, concepts such as association and spirit of association (associationsaand) were commonly used. The common denominator of the 19th century's national movements was the broad mobilization of members, with engagement based on morals and the desire to contribute to necessary changes as the prime motivations for membership.

In the course of the 1980s, this picture changed in several ways. The centre of gravity in the voluntary sector shifted in the period 1960–2000. Membership in religious organizations has declined strongly since 1960. Social and humanitarian organizations peaked in the 1960s due to the strength of the broad social welfare organizations at that time. Local community, leisure and international organizations reached their maximum in the 1980s. However, in sports associations, membership has increased until now and "culture, nature and environment" organisations have had the strongest growth rate in the preceding decade. The paid employment is small in a European perspective; it represents only 3.9 per cent of the non-agricultural employment (against 7 per cent for the EU7[21]), but the Norwegian voluntary sector has considerable resources at its disposal in terms of voluntary inputs (6.8 per cent of the total non-agricultural employment against 4.2 per cent for the EU7). Indeed, as much as half the Norwegian population reports contributing their time to voluntary organizations during a given year.

Recent trends

Decline of the social movement tradition

The traditional organizational structure characteristic of the social movements, with its roots in rural communities and affiliations with national movements, was not truly challenged before the 1980s, when new types of organizations appeared, leading to the emergence of the *two-part organizational society*. On the one hand, several national organizations loosened their ties to the local level. Some (although not many) national organizations even appeared which were not membership-based. The weight put upon active membership diminished, even within traditional associations. On the other hand, the local level became increasingly anchored in an area of local development or local neighbourhood. These new local activities popped up independently of any national association: the majority of local associations formed in the past five years are not affiliated with a national organization - a structure which was almost inconceivable twenty years ago.

Recent changes at the local level

The total number of associations is approximately the same today as ten years ago; by comparison, an increase by 25 percent had been registered between 1980 and 1990. But underneath this apparent stability, both the types of activities and the organizational structure of the associations have been changing in the last decade. Measured in percent of the entities existing in 1990, the educational associations have been most severely hit. In terms of absolute numbers of associations, however, the religious associations have experienced the strongest reduction. Another historically important group gradually losing appeal consists of the traditional humanitarian organisations. However, new types of association are developing. Interest associations for the handicapped have proliferated at an impressive speed over the past decade, and so have leisure, sports and culture associations. The main development trend in local associations is a growth in activities with an individual focus. Organizations directing

[21] Austria, Finland, France, Germany, Ireland, the Netherland and the United Kingdom.

their activities towards their own members' interests (leisure or others) are expanding, while activities directed towards the community at large are in decline.

Increasing marketization

In Norway lotteries have for a long time been an important income source for voluntary activities. As the Norwegians' personal incomes and enthusiasm for gambling gradually increased, lotteries became increasingly perceived as a marketplace where associations compete for the stakes of the gamblers. The lottery market has been supplied by a "sponsor market" - mostly for-profit firms that want to support certain purposes or improve their public image. These types of marketization have enlarged the income potential of voluntary associations, and have opened up for new, businesslike ways of thinking among the professional staff.

Relations with the public sector

Most voluntary organizations in Norway have established close contact and cooperation with public authorities, while at the same time remaining largely autonomous. Thus changes in government policies significantly affect the voluntary sector and the voluntary sector-government relationship. In several fields, the borderlines between public and civil responsibilities become diffused. Voluntary associations and non-profit activities have been integrated in the public sphere in ways that at times make it difficult to categorize an activity as either "public" or "private".

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POLAND

Ewa Leś

Key figures

Number of organizations

The last seventeen years of the Polish transition have seen the renaissance of third sector organizations such as foundations and associations (although it has to be noted that most third sector organizations still do not identify themselves as being part of a "third sector"). There are also terms used to differentiate voluntary organizations from public and for-profit private institutions, such as "the non-profit sector", "non-governmental organizations" (NGOs) and "social organizations". The meaning of this latter notion, however, has evolved during the transition period; it now refers to non-autonomous organizations, subjected to tight political control under communism.

In the years 1990-9, the number of foundations was multiplied by 20 and that of associations, by 14.5 - an increase only comparable to the increase registered in the immediate post-WWII period. According to estimates made by the Polish research team of the Johns Hopkins Comparative Nonprofit Sector Project, in 1997 there were in Poland approximately 36,000 active associations and other social organizations (including Voluntary Fire Brigades); 8,100 labour unions; 3,100 foundations; 2,100 professionals, business and employers' organizations; and 900 church-based social institutions. The growth of the sector continued after 1997; in 2006 there were some 78,228 associations and foundations in the country. As to cooperatives, they are not perceived as being part of the third sector. In public statistics, they are part of the private sector, together with private commercial firms. Unlike non-profit organizations, which proliferated in Poland after 1989, cooperative enterprises underwent a decline in this period. In 2006, however, the number of cooperatives still exceeded 12,000 and they had 9 million members.

Employment

Among citizens' organizations (foundations, associations and other voluntary organizations), over 20,000 operate in the field of social welfare, health care, education and local development. In terms of employment, however, the most important area of activity is that of sports and recreational organizations (predominantly established before 1989), which represent 24 per cent of paid jobs in the third sector; the area of education comes second, with 22 per cent of paid employment. Third sector organizations engaged in education are running schools, kindergartens, higher-education institutions and other educational institutions (the main role is played by non-sectarian not-for-profit schools and Catholic schools). Organizations providing humanitarian relief, social assistance and social services also represent a significant share of paid employment (17 per cent); together with organizations engaged in health care (7 per cent), they account for 24 per cent of paid jobs in the third sector, i.e. as much as sports and recreation organizations. Finally, a relatively strong economic potential lies in organizations engaged in professional, employee and sectoral issues (11.5 per cent). Among these, the most important role is played by trade unions (5.2 per cent of paid jobs) and vocational associations, vocational organizations of farmers and small businesses (altogether 5.5 per cent).

Financial base

Another crucial element characterising the Polish third sector economic status is the distorted composition of its financial base. A majority of resources belong to a relatively small group of organizations, a phenomenon which might be termed "oligarchization" of the Polish third sector's financial base. Nine per cent of Polish voluntary/non-governmental organizations represent almost two thirds of the sector's resources, while 75 per cent of organizations have only one tenth of all the financial means of the third sector. The paid workforce and good financial position usually concentrate in big cities, while local organizations often lack paid personnel and public support.

Socio-political considerations

Roles of third sector organizations

Political and legal re-institutionalization of the third sector as an advocacy agent has been much more advanced than the evolution of the sector's role in the rapidly transforming public welfare system,

where third sector is still perceived rather as a "shunting yard" for acute social problems than as a fully-fledged partner in public services delivery. Although, since 1989, the third sector has become a part of the private sector (whereas, before the transition, so-called "social organizations" existed as quasi-state agencies and were part of the public - or "socialised ownership" – sector), in general, the structure of the Polish third sector's paid workforce still reflects both the legacy of the socialist welfare state, where these organizations did not play a role of structurally independent service providers, as well as their still weak institutional recognition as possible public delivery agents. To some extent, however, third sector organizations have been recognised as often cheaper and more flexible in terms of modes of service delivery than public or private sector entities (Golinowska 2002: 23), but this has not yet been translated into a delegation of public tasks on a permanent basis, except for a few subfields.

From coerced membership to voluntary participation

The high upsurge in the formation of citizens' organizations (which, as we have already mentioned, was particularly marked during the years 1990-9) was accompanied by a shift from mechanical and mass participation in officially sanctioned organizations of the "ancient regime", with often coerced membership, to multidimensional, locally-oriented participation, not limited to membership in formalized citizens' organizations and combined with a phenomenon of growing volunteering without membership. According to the most recent estimates, some 35 per cent of Poles are volunteering, both in formal organizations and informal groups, which is the highest level since the breakthrough of 1989.

Networks, legitimacy and corruption

The Polish third sector has developed several links and networks on both the local and national levels, namely branch federations representing fields such as social services and education, centres and different platforms grouping local voluntary organizations. Some 36 per cent of associations and foundations belong to various regional and/or countrywide federations, unions and coalitions.

However, the interactive patterns of the third sector are still not strong enough to promote the sector's mission among the general public, to strengthen its legitimacy, or to discourage the dishonest practices and misconduct of some of the sector's organizations. It is noteworthy that a recent survey carried out by the CBOS public opinion research centre revealed that the third sector is perceived by the vast majority of Poles as not trustworthy: only 7 per cent of the respondents declared that they trusted non-governmental institutions.

The third sector in academic fields

With the growth of the third sector, training programmes developed at the higher education level for voluntary organizations' leaders and staff in several academic centres of Poland. There is also a growing interest, among academics, the Central Statistical Office and some policy–makers, to carry out systematic studies on the third sector's potential and effectiveness in service delivery.

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PORTUGAL

Heloisa Perista

The third sector and the "Social Employment Market"

The Portuguese third sector covers a wide range of organisations, including *misericórdias* (charitable organisations closely related to the Catholic Church), mutual benefit associations, private institutions of social solidarity (*Instituições Particulares de Solidariedade Social*, or IPSS) and cooperatives, mainly from the social solidarity branch. Most of these third sector organisations have been traditionally oriented to the supply of social services, namely to children, elderly people and people with disabilities. These organisations have been growing and diversifying, penetrating new areas and developing new forms of response, including in the field of work-integration.

But in the last few years, the debate on the third sector, both at the policy and scientific level, has revolved almost exclusively around the concept of "social economy" and, more specifically, around the "Social Employment Market" (*Mercado Social de Emprego*). Launched by the Portuguese Government some twelve years ago (in July 1996), the "Social Employment Market" is legally defined as a diversified set of solutions aiming at the social and professional integration or re-integration of disadvantaged unemployed people, in the framework of activities which address social needs left unsatisfied by the regular functioning of the market. The "Social Employment Market" is thus presented as performing a dual role regarding the strengthening of social cohesion: on the one hand, it contributes to pull out of poverty the disadvantaged unemployed people directly covered, by giving them access to an income; and on the other hand, it allows many other people, with low financial resources, to improve their quality of life through the access to several services such as home care support, childcare, free-time activities and healthcare.

The "National Action Plan for Employment" 2005-2008

The "National Action Plan for Employment" 2005-2008 puts a clear emphasis on employment as a means for social inclusion. The "Social Employment Market" programmes, duly adjusted in the perspective of re-enforcing the role of the social economy regarding wealth and job creation, are considered fundamental at this level. It is foreseen in the Plan that about 153,000 people experiencing special difficulties and at risk of exclusion will be covered by measures such as the "occupational programmes" (*programas ocupacionais*), the micro-credit initiatives and the "integration companies" (*empresas de inserção*).

This emphasis goes in line with the Programme of the XII Constitutional Government (in power since March 2005), which refers to the need to strengthen the role of the social economy.

Integration companies

The fight against poverty and social exclusion remains a major policy concern in Portugal, given the high incidence of these phenomena in the country: according to recent data (EUROSTAT 2004), 21 per cent of the Portuguese population is at risk of poverty. Therefore, priority is given to the integration of disadvantaged people in the labour market and to the fight against the discrimination experienced by these.

"Integration companies" play a major role at this level.[22] This measure has been in place since June 1998. It aims to promote the acquisition and development of personal, social and professional skills, adequate to the exercise of a professional activity, in order to facilitate the social inclusion of people who are engaged in a process of integration into the active life – long-term unemployed registered in the Employment Centres and the unemployed who are at a disadvantage in the labour market (drug-addicts or alcoholics in rehabilitation, former convicts, minimum-income recipients, youngsters at risk, lone parents, etc.). It also aims to stimulate local development through the creation of jobs in economic activities addressed to unsatisfied social needs.

During the course of the programme (whose duration is comprised between 6 and 24 months), different kinds of support are available:

[22] "Integration companies" have been analysed in detail in previous research on work integration social enterprises (Perista & Nogueira 2002, 2004, 2006), developed within the EMES European Research Network.

- to the worker: during the training stage, training grant and personal accidents insurance; during the professionalisation stage, minimum wage and social security enrolment (80 per cent funded by the programme);
- to the "integration companies": technical support for the identification of local needs, management training and preparation and follow-up of the integration process; financial support to investment and functioning;
- to the employers: an integration award equivalent to 12 times the national minimum wage is given to the employers who offer a permanent work contract to people in integration process.

Integration companies may be promoted by non-profit collective bodies or structures of non-profit collective bodies having administrative and financial autonomy. Different types of third sector organisations currently run integration companies: *misericórdias*, mutual benefit associations, private institutions of social solidarity (IPSS) and cooperatives, mainly from the social solidarity branch.

The national umbrella organisations representing these third sector bodies (*União das Misericórdias Portuguesas*, *União das Mutualidades Portuguesas*, *Confederação Nacional das Instituições de Solidariedade* and *Confederação das Cooperativas Portuguesas*) are full members of the "Social Employment Market Commission" (*Comissão do Mercado Social de Emprego*), together with several ministries, the national associations of local authorities and the social partners.

Human resources and sustainability in the third sector

Finally, another noteworthy element is the recent attention given, both by third sector bodies and state institutions of higher education and training, to the need to qualify third sector human resources. The improvement of management skills, in order to facilitate the combination of social purposes and economic efficiency, is a major concern. Issues such as innovation, quality, equal opportunities, social marketing, funding sources, management systems and indicators, evaluation, etc. are being addressed. Sustainability emerges as the key-word in this context of new challenges and opportunities...

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SPAIN

Isabel Vidal

Third sector concepts

Over the course of the last thirty-five years, Spain has experienced a tremendous growth in the number of economic organisations legally defined as cooperatives (primarily worker cooperatives and worker-owned enterprises), foundations and associations providing services. Within this general trend, two main waves can be distinguished:

- The strong trend toward the creation of *worker cooperatives and worker-owned enterprises* was most noticeable during the final years of the 1970s and throughout the entire decade of the 1980s. In the mid-1980s this movement came to be identified by the term "social economy".
- In the 1990s, *foundations and associations providing public services* began to register a very rapid growth. As a result, government representatives, public leaders and researchers have begun to pay attention to non-profit organisations emerging in the area of provision of personal services.[23] This whole group of business initiatives has come to be called the "third sector".

The objective reasons for the emergence of these two major trends are different: the strong growth of cooperatives and worker-owned companies is due fundamentally to the employment crisis that the Spanish economy has suffered for the last twenty years, whereas the sharp rise in the number of non-profit organisations - associations and foundations - providing personal services is due first of all to the emerging demand created by the construction of a welfare state that is increasingly contracting out public services and, secondly, to the increase in the purchase of services by families, fundamentally in sectors related to services for the youngest and oldest members of the family unit.

This difference in the causes underlying the increased use of these different legal forms might be one of the reasons accounting for the coexistence, in the Spanish context, of two different terms (as said, the "social economy" and the "third sector") to refer to business organisations that are characterised by forms of governing bodies and corporate culture that are very close in nature to each other's.

Statistical data about the third sector

Number and size of organisations

In the year 2005, the organisations legally defined as non-profit organisations and cooperatives represented 5 per cent of all businesses in Spain. There were 26,000 cooperatives and 127,414 non-profit organisations, i.e. approximately 150,000 economic units in total.

The striking duality found in this group of business organisations should be pointed out: indeed, a large number of small organisations (92 per cent of the total) have less than 15 employees; they coexist with very large organisations, such as the ONCE (National Organisation of the Blind in Spain), which counted 102,000 employees in 2005, the Red Cross, which employed 9,629 persons in 2004 and, in the area of work cooperatives, the Mondragón Cooperative Corporation, which had more than 78,000 employees in 2005. There is a lack of medium-sized organisations, and above all a lack of support platforms to facilitate the sustainable development - both in financial and economic terms - of the organisations. There is also a need for more structures to support social initiatives which develop business activities.

Sectors of activity

Analysis of statistical information also confirms that cooperatives, associations and foundations have a presence in activities related to social services and the fight against exclusion. However, in sectors related to the provision of collective services to young children or residential services for the elderly,

[23] In this document, "personal services" are understood as services that require a direct and personal relationship between those who provide the services and those who receive them. Examples of such services include services for senior citizens or people with disabilities, culture and leisure-related services for the young, services relating to the struggle against poverty, etc.

these non-profit organisations and cooperatives only have a marginal presence; they are not important economic actors.

Market share

As stated before, there has been a strong trend toward the setting up of non-profit organisations and cooperatives, and the demand for personal services has also grown since the 1990s. But are non-profits and cooperatives increasing their share of the market in activities related to the provision of personal services? Analysis of the statistical data on the creation of new businesses by legal form, as provided by the National Institute of Statistics for the year 2005, reveals that non-profits and cooperatives grew in absolute terms during 2005, but that the conventional business sector - and in particular self-employment - grew at a still greater rate, even in those sub-sectors of economic activity where non-profits and cooperatives traditionally operate.

Competition and relations with public authorities

As a matter of fact, these sectors are characterised by a strong competition. The demand for services by the public administration and by families has begun to be a business. As a result, both small and medium-sized businesses and the self-employed have begun to compete with non-profit organisations and cooperatives in bidding for public contracts for the provision of services, and the final attribution of the public service bid rests more frequently on the criterion of price than on that of quality – a trend which does not favour non-profit organisations and cooperatives.

To confront this increasing competition from other business organisations, non-profits and cooperatives have begun to react by promoting the professionalization of their management and by promoting alliances which facilitate institutional relationships and preserve certain public markets for them.

Indeed, during the last thirty years public administrations (and especially those at the local or autonomous communities' level) have developed very efficient communication, collaboration and co-production channels with enterprises of the third sector and/or social economy, in particular in the subsectors of creation of jobs for hard-to-place jobseekers and provision of social services.

Need for communication

Despite their growth, the third sector and the social economy remain by and large concepts unknown to the general public. The great majority of citizens – and even professionals within organisations that theoretically form part of this sector - are often unaware of the meaning of these terms. The latter are used mostly to develop some advocacy activities, such as the creation of umbrella organisations or communication with public authorities. When such representation initiatives are promoted by cooperatives, they usually use the term "social economy", whereas initiatives promoted by foundations will most likely use the term "third sector".

Non-profit organisations are characterised by their strong division into sub-sectors or activities. If this group of businesses (which have similar governing characteristics and a similar corporate culture) might undoubtedly benefit from efforts to structure themselves as a sector and to promote communication among themselves, there is a greater need still for communication with the public – which, remarkably, continues to place its confidence in non-profits, even though there is a lack of information regarding what they do and how they do it.

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SWEDEN

Victor Pestoff and Yohanan Stryjan

The third sector's changing roles and labels

The images of the third sector in Sweden and the terminology used to label it have shifted over time, in tune with changing Swedish political and welfare policy discourses.

The *role* played by organizations has evolved (Olsson et al. 2005; Stryjan and Wijkström 1996; Lundström and Wijkström 1997; Pestoff 2004) - from a role of independent actors in a laissez-faire state, through a vanguard-role in a nascent welfare state and a role of complement of the mature welfare state - back again, from the late 1980s onwards, to an ambiguous position of a potential ally and an implicit challenger of the state.

Labels have changed too; organizations that are active in the field tend to adopt labels so as to enhance their legitimacy and facilitate access to resources, and they shift labels when the political climate so requires. Thus, the "charity" label was largely abandoned in the first decades of the 20th century, while the "popular movement" (*folkrörelse)* label gained followers across the political scale and became the dominant term among organizations in the field. The popular movement model came under sharp attack, from left and right alike, in the 1970s (Berggren and Trägårdh 2006); it was also challenged by the emergence, in the mid-1980s, of the term "civil society". This concept, which entered Swedish political discourse under impact of developments in Central and Eastern Europe (Reuter 2007), emphasized independence from the state. In parallel, the transformation of welfare services created demand for a term to address service-producing organizations: as a result, the "third sector" concept was adopted, primarily by researchers. As to the term "voluntary sector" (two Swedish correspondents, namely "*frivillig*" and "*ideel*", are in circulation), it was introduced in the wake of the public sector's reforms of the early 1990s, in an attempt to bridge the popular movement tradition, the more service-production-minded "third sector" approach, and residues of yet older charitable traditions.

Rhetorics of change vs. legitimacy after EU accession

The social economy concept was introduced in the mid-1990s, in the context of Sweden's accession to the EU and of the Union's increasing involvement in the field of social (cohesion) policy, and it should be considered against this backdrop. Indeed, the developments of this period created the need for bridges between Swedish institutional vocabulary and that of the emerging social policy instruments of the Union. The introduction in Sweden of the social economy concept, hitherto unknown in the country, was initiated expressly for this purpose by the Swedish Government. A report by an inter-departmental team, delivered in July 1998 and aptly subtitled "Tradition and Renewal", enlists EU terminology as a new source of legitimacy for the *folkrörelse* tradition. Democratic governance and social goals are singled out as the defining properties of the social economy, while the importance of voluntarism and mutuality is toned down. While stressing continuity, the report also provides an opening towards voluntary organizations, by pointing out that the social economy is a *sector of the economy*, not bound by any particular incorporation form.

The social economy concept also spread to the local government level. It was adopted by public authorities and provided focus, in the 2002-5 period, for several EQUAL projects, which called for the formal inclusion of social partners in development partnerships. The central government's interest waned gradually, even though social economy was taken up in practically all national budgets for 1997-2006. The government's way of envisaging the concept also evolved over time: from a conception of the social economy as a general approach, the government gradually narrowed its definition of the term to labour market integration issues. On other fronts, the pressures by non-socialist municipalities and counties for privatization of housing, health and welfare services led to a retrenchment of service-providing organisations in more traditional positions. By June 2002, the government signalled a renewed interest in popular movements, as a subject for policy and research.[24] In a sense, the end of the decade was nearly as ambiguous, from a conceptual point of view, as its beginning: no consensus had been reached, though the concept of social economy gained some ground with grassroots' groups and at the highly heterogeneous local government level.

[24] See Vetenskapsrådet (2003) in the references for specifics.

Present trends (2007)

The Center-Right government that came to power following the September 2006 elections has refrained thus far[25] from clear-cut commitments and programmatic statements. In practice, however, it seems that there is no interest to interfere in privatization processes at county and municipal level, should such processes occur. Significantly, a wholesale privatization program, which has recently[26] been unveiled by the Stockholm City Council, is legitimated by the wish to encourage the involvement of women and to support local entrepreneurship, and evokes neither social economy nor economic considerations. Since the Social Democrats, now in opposition, still promote centralized and standardized public solutions to most social problems and needs, no overreaching concept is championed by either of the major political blocks. Development proceeds in separate paths, which vary across branches, localities and government levels.

The fragmentation of the scene and the major political blocks' reluctance to take a coherent stand hinders, for the while, the emergence of any clear discourse. The present standstill may however be broken at any time, either through a renewal from within (primarily of the political left, which has not recovered from its electoral defeat as yet) or from without (by a new influx of ideas and models).

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[25] i.e. February 2007.

[26] Interview with Stockholm majority leader and finance councilor Axén Olin, *Stockholm City*, February 4th; available at http://expressen.se/?a=866135. Importantly, the councilor also emphasized the need for more flexible tender procedures, to open the field to local (rather than corporate) actors.

THE UNITED KINGDOM

Roger Spear

Conceptions, images and quantitative importance of the third sector

In the United Kingdom, the term third sector is used differently by different groups: voluntary and community sector (VCS) people tend to call their sector the third sector, while co-ops people tend to use the term to refer to co-ops, mutuals and voluntary organizations, rather than using the term social economy, which is not widely used.

The Government, represented by the Office of the Third Sector (OTS) defines the third sector as non-governmental organizations which are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. The sector includes voluntary and community organizations, charities, social enterprises, cooperatives and mutuals. The third sector, in this conception, is equivalent to the social economy.

In the late 1990s, social economy employment[27] in the United Kingdom was of 127,575 FTEs in cooperatives, 22,387 FTEs in mutuals and 1,473,000 FTEs in the voluntary sector, i.e. a total of 1,622,962 FTEs, which represents 8.42 per cent of the total employment in the country.

As to social enterprise, the definition provided by the government's Social Enterprise Unit (now part of OTS) states that they are businesses with a social purpose, and include voluntary and community organisations, foundations and associations of many types. In practice the term social enterprise is frequently used alongside other members of the social economy, as in the OTS definition, probably because it is a relatively new term, and many people are unsure of its precise meaning. It thus appears that the notions of "third sector" and "social enterprise" such as officially defined by the government overlap almost totally. The only area of difference is advocacy and small self-help organisations (i.e. the non trading part of the third sector), which are not considered as social enterprise.[28]

Policy developments

Policy developments have helped shape the framework for the development of the third sector.[29]

A first important development in this regard was the reform of public services through public procurement. Indeed, for many years the Blair government has been focused on reforming public services, both internally (by moving towards more internal enterprise like management structures - cost centres, internal marketing of services, etc.) and, more importantly, by contracting out public services to the private for-profit and the third sector.

Changing systems of governance have also influenced the framework in which third sector organisations operate and develop. As a matter of fact, the changing shape of the state – more procurement, less in-house provision – has led to the blurring of boundaries with the private and third sector. What is emerging as a result are partnership structures, and participative arrangements that attempt to bring together different stakeholders associated with specific areas of provision, or specific policy issues. But alongside this evolution, central government seeks to maintain its control, namely through New Public Management approaches including managerialist systems of targets and measures; as to local government, it still supports bureaucratic systems with a concern for standardized processes and public accountability. Examples illustrating these changes in the systems of governance are provided by multi-stakeholder governance structures associated with local transport where private and third sector (social enterprise) providers attempt to coordinate policy and operations for local communities and for the state as contractor. Similarly there are local strategic partnerships for combating social exclusion where diverse stakeholders (providers, community, state players) coordinate actions.

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[27] The most recent available data is from different dates in the late 1990s (Thiry et al. 2000).

[28] Figures are provided about social enterprises in Defourny and Nyssens (2008).

[29] As addressed in WP 08/01 (Defourny and Nyssens 2008), these developments similarly affected social enterprise. Indeed, given the almost perfect overlapping of the notions of "third sector" and "social enterprise" in the UK context, treating these two subjects separately, as was done in the present WP and in WP 08/01, appears as problematic and will unavoidably lead to some repetitions.

There have also been several specific policy measures (such as Future-Builders[30]) to improve the professional operation and the capacity of the voluntary and community sector (VCS) to provide public services (it has to be noted that, by definition, all VCS contracting for services are likely to be social enterprise), and to set out a framework for improving state/VCS relations.

Legislative changes

Changes have also occurred at the legal level which have affected the framework within which the third sector develops in the United Kingdom.

First, a Charities Act was approved in November 2006 and gradually implemented; it aims to improve the regulation of charity operation and fundraising, and to provide a clearer definition of charity, emphasising public benefit, thereby improving the general public's understanding of charities.

Secondly, Community Interest Companies (CICs) regulations came into force in July 2005; CICs are limited companies (by guarantee or shares), created for businesses for community benefit, and not purely for private profit. This legal form involves a "community interest test" and an "asset lock", thereby ensuring that the CIC is established for community purposes and the assets and profits are preserved for such purposes (in the event of dissolution, the assets pass to another social enterprise). CICs are also required to produce a stakeholder report annually, in addition to normal accounting reporting. In July 2007, there were over 1000 CICs registered, some of which were conversions from other structures.[31]

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