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Abstract

Main aim of the NETS project has been to identify the contribution to social integration and employment creation in Europe which may come from what is called "**third sector**", nonprofit, socially useful, activities also known as "third system" or "social economy". Their job creation potential and their ability to address new needs have been assessed, and alternative policy actions have been evaluated, considering their economic efficiency and effectiveness, and the impact on social integration.

First steps have envisaged an analysis of the scientific **literature** concerning theories, classifications, surveys on the third sector and its relations with employment, and an overview of national **policies** impacting on the third sector in Europe. Specific attention have been paid to the countries under study (Germany, Italy, Spain). Main finding of this phase has been the adoption of a **new definition** of Third Sector. Starting from the approach of the Johns Hopkins University, the structural/operational definition, and integrating it with two further criteria (democracy and social utility) a definition more coherent with the **European context** - in terms of welfare state and social policy traditions - has been developed.

Milestone of the research has been a **large-scale statistical survey** on a sample of third sector organizations in the three countries under study, investigating the legal form, the range of activities, the economic dimension, the budget composition, the internal structure and the employment patterns. The analysis of the survey results, involving about 850 organizations, has enabled to capture an interesting and updated profile of the third sector in Italy, Germany and Spain. A general **positive trend of employment** has been observed in the period 1995-1997, although deep structural differences among the countries shape very heterogeneous models of *third sectors* in terms of legislative frameworks, economic impact, relations with the public sector, degree of entrepreneurship and presence on the market of the units. In Germany the employment growth (4%) has been concentrated on new fields of activity once based only on voluntary work: leisure time, environment, culture, amateur sports. In Italy the increase in the number of workers (14% on yearly basis) is the result of a clear process of externalization of those welfare services once provided by the state. In Spain the high growth (63%) is explained by the young age of the organizations and by the convergence of the Spanish welfare policies towards the European models of welfare. In all countries, and it seems to be quite relevant, more than 60% of all new jobs is represented by **flexible**, precarious and not protected forms of work.

The **public sector**, in particular, has a deep influence on the development of nonprofit organizations, while it is not easy to assess whether the jobs created are either new or substitutive of former public occupation. The strong dependence from the state is evident in all countries: the incidence of public funds on the overall budget is on average at 60%, with higher values (75-100%) for the organizations providing **welfare services** (about 45% of the sample).

In this context the perspectives for the creation of new and not substitutive jobs come, under a long term view, from the so-called **community services**, that range of cultural, social and leisure activities that in western societies really are able to cover a gap of supply between market and state. Nonprofit organizations engaged in the production of welfare services are going to assume a fundamental role but they are not able to create new occupation. These dynamics imply that **national and European policies** should focus on the promotion of *local initiatives* (providing services for the birth of new social enterprises, facilitating the access to credit, protecting the flexible workers) while spurring *voluntary* participation of citizens and working to build a non paternalistic and contractual but an effective and real *partnership* with third sector organizations.

1. Executive summary

Objectives

Main objective of the project has been assessing the employment potential of the third sector. It implies the testing of some principal affirmations that in the last years have dominated the political and scientific debate:

- «third sector organizations, because of their characteristics, are able to satisfy those new social needs, expressed by our complex societies, that other sectors cannot even recognize, in fields ranging from elderly and child care to environmental protection, from culture and multimedia to sport activities, were most significant is a demand which both the market, because not profit oriented, and the State, because of its incapability to reveal it and its bureaucratic structure, leaves unsatisfied»;
- «the third sector offers job opportunities for those social groups excluded by the market activities, such as disabled, young unemployed, etc.»;
- «in time of retrenchment of the welfare system and of new social problems, social enterprises offers a crucial contribution to social cohesion, offering room for voluntary and temporary activities. Positively, it represents a place where a different and more flexible time organization can be experimented while the diffusion of new information and communication technologies radically changes the way learning, work and leisure time are organized»;

One of the main questions was whether in the European context the third sector is really able to give a net contribution to the solution of the problem of unemployment. Many affirmed that it is no possible to create new - not substitutive - jobs in the third sector: the fiscal crisis of all European countries and the budget cutting needed to meet the Maastricht criteria in order to join the European Union, on the one hand has decreased the financial resources available for third sector activities, on the other hand this process has let third sector organizations emerge as even more relevant welfare services providers.

The research aimed at giving an overview of the policies, the legislation and the characteristics of the third sector in the countries under study and more in general in the whole Europe. Fundamental activity of the project has been a survey on 500 third sector organizations in each country under study, and the evaluation of the impact of policies for the third sector on public expenditure.

Scientific results

Definitions

First relevant result of the project has been the identification of a theoretical joint definition of what the third sector is. After a deep overview of all existent theories and classifications, the so-called structural-functional definition developed by Salamon and Anheier (1994) has been identified as the best starting point. According to this definition, the third sector is «a collection of entities that are»:

1. **formal**: that means legally existent to some extent;
2. **private**: institutionally separate from government;
3. **non-profit-distributing:** not returning profits generated to their owners, members, or employees, neither directly nor indirectly;

4. **self-governing/independent:** maintaining autonomy on decision making processes and equipped to control their own activities;
5. **voluntary to some significant extent:** involving some meaningful degree of voluntary participation, either in the actual conduct of the agency activities or in the management of its affairs;
6. **non-religious and non-political:** not primarily involved in the promotion of religious worship or religious education and in direct political activities, like promoting candidates for elected offices.

Besides its advantages, the structural-operational definition has also the consequence that this definition of non-profit organisation covers a very wide spectrum. Within this definition are included also so called *mutual benefit* organisations, which are active to defend the interests of the members (such as trade unions, business and professional organisations, etc.).

In other words, the structural-operational definition of third sector includes thousands of nonprofit organizations but it does not enable any differentiation between the mutual benefit and the public benefit organisations. As for the NETS project the second type of organisations are more significant, it will be included also the criterion of «social utility» .

Thus it is proposed to add two further criteria to the Johns Hopkins University structural /operational definition in order to qualify a third sector organization:

7. **social utility**: nonprofit organizations are engaged in activities of social solidarity and work for social promotion. It is proposed to define this concept referring to the services provided and the categories of subjects involved in by the organization;
8. **democracy**: the democratic structure should marks these organizations. This implies at least the eligibility of the executive board and the reality of the membership.

A picture of the sector

The following table show all legal forms investigated by the research in each country, according to the definition of third sector given above.

	GERMANY	**ITALY**	**SPAIN**
Common legal forms	Registered associations (*eingetragene Vereine - e.V.)*	Voluntary organisations (law 266/91)	Associations (including corporations, law 191/64)
	Not registered associations	Associations (registered and not registered)	
	Co-operatives (*Genossenschaften*)		Co-operatives (law of co-operatives, 1987)
	Private law foundations	Foundations	Foundations (law of foundations, 1994)
Special legal forms	Limited liability societies (*gmbh*)	Social co-operatives (law 381/91; 59/92)	Insurance mutual organisations (law 33/1984)
	Stock companies (*AG*)	Non-governmental organisations (law 49/1987)	Mutual guarantee companies (saving banks, law 31/1985)
	Public law foundations	Banking foundations (law 218/90)	Labour corporations (law of 1997)
		IPAB Onlus (law 460/1997)	Farm partnership

In the years under study (1995-1997) the third sector has been growing fast but not homogeneously in the three countries, giving elements to deduct a process of **general convergence** towards a similar incidence, in relative terms, on each national economy.
In fact while the fastest growth has been observed in Spain, characterised by a young and still being shaped welfare system (and third sector), the lowest is of Germany, typically marked by a strong presence of the state and a well-consolidated range of nonprofit activities. Italy, in a median position between the two both for what concerns the third sector and the welfare system (living a transition because of the gradual introduction of the principle of subsidiarity), presents clear symptoms of consolidation of the sector. The reference to **welfare** is not casual: it represents the 66% of employees in Germany, the 54% in Italy and Spain. Of course, deep differences in the welfare systems imply that easy generalisations are very risky.

One main finding is the confirmation of the **labour intensive** structure of third sector organizations. The clear tendency to translate all new resources into new jobs has been observed. This is especially true for certain kind of activities. Actually third sector organizations are not only active in the provision of welfare services, also some more innovative fields are occupied, in strict connection with **local communities**: education, recreation, leisure time, culture, etc. And it is within these activities that the most interesting employment opportunities may come, depending on the possibility to transform a latent demand in a paying one.
A short summary of main findings for each country is presented following.

The Third Sector in Germany

The heterogeneous German non-profit sector can roughly be classified into two main "subsectors" regarding several variables. Somehow simplifying and leaving aside existing exceptions the typology distinguishes between:
a) the professional welfare sector, and
b) the voluntary culture/leisure and advocacy sector.

Regarding the *professional welfare sector*, typical organizations are working in the macro-areas of "welfare", "health care" or "education" and manage facilities like hospitals, residential homes for elderly or homeless people, youth clubs, further training or advice centres on a professional basis. Organizations active in the three constituting macro-areas make a share of about 60% of our sample, though not all of them are exactly corresponding to the typology. In the professional subsector agencies are prevailing which belong to the large 'peak associations' of the catholic *Caritas*, the protestant *Diakonie*, or to the non-denominational ones. These nonprofit organizations generally have rather high amounts of budgets of approximately average 350,000 euro, some even manage several millions. Since they act on behalf of the state according to the specific German understanding of "subsidiarity" they raise their major sources of income from the state in form of public grants or funds, which constitute about 60% of the average budgets (20-30% private, 7-13% sales). Not surprisingly, these organizations hold the lion's share on gainful employment in the Third Sector: The three macro-areas of welfare, health and education absorb 90% of the sample's total labour force. In the median value third sector organizations of the welfare and education fields employ about 9 workers, in the health care field about four. However, the latter rather low number is quite untypical for this field which is owed to the specific structure of our sample: Small health care advice centres and self-help groups are predominating instead of big hospitals.

Regarding the retrospective trend of employment this subsector records a more dynamic development than the other subsector: About two-thirds of those nonprofit organizations which experienced an employment growth in the past few years belonged to this professional part of the third sector. Yet, the future employment prospects presumably will not be as positive as in the past due to expected further cuts of public expenditures. Especially the welfare and health care sector are threatened by losses of personnel because of declining financial resources.

All in all, the picture of the German Third Sector often is predominated by this highly professionalized, state-orientated sector which provides a major part of welfare services and is embedded in the horizontal and vertical structures of state and society. As mentioned before, this predominance of the “welfare sector” is due to the specificly institutionalized principle of “subsidiarity” in Germany: Legally fixed in the most relevant social political norms it has privileged non-profit organizations providing welfare and health care services by guaranteeing them public funding and political influence in official committees. This privileged status was unlimited until about the mid-nineties. Since then in some fields, esp. care for the frail elderly and health care, more competitive structures have been introduced by the government in order to reduce costs. Still, in practice the institutional neo-corporatist arrangements between welfare associations and public authorities, particularly on local and regional level, have not been severly touched.

Non-profit organizations belonging to the voluntary component of the sector are active in the macro-areas of “culture and leisure” and in “advocacy”. They mostly are member orientated associations, active in sports and leisure time, or cultural production on the one hand, or in the fields of civil rights, consumer protection, environmental issues or international solidarity on the other. The latter are of minor quantitative relevance in our sample. The majority of this “subsector” is organized in umbrella organizations or federations on federal or regional level, too.

Since they are not privileged by the mentioned principle of subsidiarity – being not involved in welfare services – the average budgets of these voluntary associations are significantly lower: In the median the “culture/leisure” third sector organizations work with about 37,000 Euro annually, and the “advocacy” organizations with average 60,000 euro. The typical “culture/leisure” association finances itself mainly by private donations and membership fees, amounting to average 60% of the annual budget (24% public grants, 10% sales). As a tendency, in the “advocacy” field private donations are prevailing, too, with average 40%, though to a lower degree. Here, sales’ income and public grants are a bit more relevant (28% each).

As a consequence of these rather low budgets, most of these nonprofit organizations are working on a voluntary, unpaid basis and hence on a less professionalized level than the first group. More than half of the “culture/leisure” organizations, and one-half of the “advocacy” entities do not employ any paid personnel. Big employers are rarely found in this subsector. This low level of employment mostly has been stable in the investigated period: Two-thirds did not experience any changes in the number of personnel. This stagnation is on the one hand owed to undercapitalization and structural barriers to enhance financial resources and thus hampering growth. On the other hand, many of these organizations do not intend to professionalize, but wish to remain strictly voluntary. This attitude at least showed in the frequent comments of these respondents on the questionnaire.

This roughly sketched “subsector” often has been analysed as the core of civil society, being member-based instead of providing services for third parties, and taking care of democratic participation.

Summing up the *key factors for employment* which emerged through the “dual structure” of the German Third Sector we can say: The presence and size of gainful employment *firstly* depends on the main field of activity – either being of relevance for fulfilling public tasks on behalf of the state according to the German principle of subsidiarity, or being more relevant for rather “private” activities and for self-organizing people in civil rights issues. While in the previous case the organizations have to professionalize and work with regular staff, the latter more often have a prevailing voluntary structure without paid personnel.

The *second* key factor, interrelated with the first one, is the amount and composition of the budgets. The higher the budgets, the higher is the proportion of public revenues and the size and dynamics of the labour force. In contrast, low-budget organizations receive less public grants but mostly live on private revenues which are not sufficient for employing staff. Their undercapitalized, non-professional status is quite stable.

Two other relevant aspects of the employment situation in German nonprofit organizations shall be highlighted:

a) The *retrospective trend of employment* in the third sector has been moderately positive in the last few years: Though the total amount of paid personnel employed by the investigated organizations did not grow between 1995 and 1997, one-third of the respondents reported of an increase, while only 17% recorded a declining number of workers. Yet, for the majority of 49% the amount of personnel remained stable. This finding means that the strong employment growth of the sector in the past decades seems to be slowing down or even – in some fields – coming to an end. In contrast to for instance Italy or Spain the German Third Sector is not in a phase of expansion and growth, but rather appears to be in a critical phase with unclear future prospects – mainly due to declining public resources.

The retrospective development of the employment structure points to more flexible, irregular work. Regarding all cases (including extreme values) the total number of full-time workers declined by 19%, the number of part-time and irregular work increased between 1995 and 1997 by 43% respectively 11%. So, the slight employment growth was only owed to the expansion of irregular staff. This trend has been observed by other researchers, too, and can be explained by growing economic strains for non-profit organizations.

b) As a result of our analysis not only public revenues as such are crucial for the size of the labour force in a nonprofit organization, but the specific dependence on *public job promotion schemes* as an instrument of active labour market policy is remarkable: Nearly two-fifths (38%) of all regular workers (full-time and part-time) have been previously unemployed and were hired on the basis of temporary public job promotion measurements which last on average one year. The differences between East and West Germany are significant and show the crucial importance of active labour market policy for the third sector – and the whole society – in the East German *Länder*: Here more than half of all regular employees (54%) were financed by active labour market schemes, whereas it was a quarter (24%) in the western organizations. The strong dependence especially of East German non-profits on the present labour market policies of the government has some problematic impacts: The funding is rather unstable and unreliable, and the legal framework is subject to frequent changes. This leads to a precarious situation: As a consequence of diminishing resources for public job promotion during the investigated period the employment trend in East German third sector organizations has been much more negative than in the western part of the country.

The reduction of publicly promoted employees by 25% led to a declining total number of workers in East German organizations by 5%. In contrast, the labour force in West-German nonprofit organizations was growing by 9%. Accordingly, more eastern organizations reported a reduction of human resources (28% compared to 13% western nonprofit organizations). The Third Sector in Germany works on the one hand as the principal partner for the state to realize its active labour market policies, and as such it is a beneficiary of these. On the other hand, the third sector lives to a great deal at the mercy of short-sighted policies – as a result of priorities set alone by public institutions and politicians, not jointly accepting the third sector as an equal partner.

As a conclusion from the main findings of our research we could identify three complexes of problems which are hampering job creation in German Third Sector organizations:

a) Undercapitalization and Imbalance of Finance:
The lack of financial resources is an obvious obstacle for hiring new personnel. In the view of relatively high labour costs the financial basis of smaller nonprofit organizations is often not sufficient for employing paid personnel. The budgets of most German third sector organizations are rather unbalanced, and the dependence on single revenue forms is quite high. The diversification of income sources is generally not much developed, especially market revenues through sales are comparably low. This imbalance of financial backing – particularly the dependence of labour intensive nonprofit organizations on public resources – makes them susceptible to cuts of public expenditures which cannot be compensated by other income sources.

b) Legal Restrictions:
Legal restrictions of many kinds hinder the German Third Sector to act more independently from the state. The strong tie of the third sector to the state and the restrictions for social enterprises to sell their products on the market are hindering economic growth of nonprofit organizations which would allow the labour force to grow.

c) 'Ideological Barriers' within third sector organizations
In some fields (esp. culture, leisure) the responsibles in the boards of voluntary associations are not aware of the positive impacts professional personnel could have on their organization and regarding society. Concentrating on an apolitical fulfillment of their functions for the private lives of their members they miss the chance of playing a stronger role in society in important issues like unemployment, and they do not make enough use of the potentials of their organizations – also with regard to competing with private for-profit firms (e.g. in the sports sector).

On the grounds of our analysis we formulated hypotheses regarding the future employment prospects in the German Third Sector which shall be briefly outlined at last:

a) Those traditional fields of activity which at present are the most labour intense – especially welfare and health care – and which mainly depend on public finance probably will experience stagnating or even falling employment. Straitened public budgets and the political line of cutting public expenditures for welfare benefits and infrastructure are likely to be the constant mainstream for the future. However, in most fields of welfare the opportunities to raise private money (by sales or by private donations) to a sufficient extent are quite limited and will not compensate the shortfall of public resources.

b) In those fields with a presently low level of employment – like sports, leisure, culture and others – could under certain conditions emerge new employment opportunities. Promising are specialized personal services and ecological activities for which an increasing demand can be foreseen and which are not principally depending on public funding. Organizations offering such supplies probably will be active in a transitional zone of classic non-profit orientation and market-orientated production of goods. Growing income through the sale of services to well-off users would be part of non-profit activities, thus allowing the recruitment of additional staff.

The Third Sector in Italy

Speaking of Third Sector as a whole, above all regard to the economic analysis, it's a heavy work. All the analysis have highlighted the strong heterogeneity inside the sample considered. The differences were particularly wide between:

from the organisation typology point of view	⇒	social and entrepreneurial structures
from the economic dimension point of view	⇒	structures over and under 250,000 Euro
from the revenues composition point of view	⇒	state-oriented and private/market-oriented structures
from the expenditures composition point of view	⇒	labour intensive and capital intensive structures
from the social marketing strategy point of view	⇒	non-monetary, economic, and public structures

These distinctions has been necessary to understand the issue on all its aspects, they've contributed towards the creation of logic and empirical categories and to the generalisation of the results. In spite of the difficulties it has recognised general tendencies characterising these organisations as an homogenous whole with diverse common features.

The general picture is composed by organisations with young age (35% has born after 1990), mainly active in the welfare field (never less than 60% compared to the organisation typology). The community services are the second macro-area of activity covered, with 25% on average including social and entrepreneurial structures.

Eclecticism seem to be the main common feature to all Third Sector organisations both respect to the markets and to the products. As far the latter is concerned, the term has been not properly used to synthesise the social enterprises area of activities, almost 30% of the sample reach the top value, operating on more than four sectors at the same time. As regard to the markets the term defines the territorial range of intervention, the organisations which are working on, at least, three levels (local, regional, national and international) are more than 30% of the total.

Third sector organisations show a very small economic dimension, confirming that the organisation flexibility always goes with an “agile and slim structure” (Harrison, 1998). Notably, the social-type agencies have an average budget of 886 millions, but 56% of them is under 250 million. The entrepreneurial-type organisations, even if they are situated on a clearly higher level with an average of 1,636 millions, 32% of them don't get over 200 million of budget.

The level of differentiation among structures placed in the north and in the south of the country is homogeneous. The latter, in fact, show a small dimension on average compared to the others (520 million), without any significant differences among the diverse organisation typology. At the same time the social enterprises in the south show a higher growth rate (23% on average) in terms of turnover. It's to be observed that the whole sample has recorded highly significant growth rates. The average value (14% annual) is composed by organisations which experience a growth rate of 33% (entrepreneurial-type operator in the south), but even by others with a growth rate of 4% (social-type structure in the north).

From the balance composition point of view, besides the importance of public contribution, it can be seen two particular and hard splits:

1. on the revenue side, while the entrepreneurial-type organisations are overwhelmed by the public, the social ones can rely on self-financing and therefore on a stronger autonomy that can be used to stimulate the private demand;

2. on the expenditure side, the entrepreneurial organisations confirm the labour intensive nature of Third Sector in general, the social ones show an exceeding weight of structures costs, underlining, in this way, the difficulties faced by these enterprises to succeed in being in life durably.

Notwithstanding that, the rising trend of labour costs is common to all the sample both in relative terms on the balance (that's increasing as well) and, as a result, in absolute terms.
The underlined dependence on public is then proved by the analysis on financial balance. It seems to be a common problem to all the organisations studied and it risks to weight on the structures beyond the sustainability levels of debt, given the worrying difficulty to obtain credit. The lack of means undermine the continuity of social enterprises action and, above all, their planning ability. Besides on the considerable role taken up by the ethical finance tools, the decree 460/1997 (Onlus decree) foresee to enact "solidarity bonds" as a tool to finance medium-long term projects, this purpose representing one of most interesting points of the decree.

In order to simplify the analysis and synthesyze the results, the diverse typologies of organizations have been gathered in two main clusters, which would consider the structure's origin, its mission and main forms:
- *Social* typology: it includes the associations, the foundations and all those structures whose mission is note strictly related to economic production of goods and services and more to the representation of civil society. This typology represents 67.4% of the sample;
- *Entrepreneurial* typology: includes the social co-operatives, the union (consortia) formed by these and a few traditional cooperatives (the ones running fair-trade stores, above all). This typology represents 32.8% of the sample.

According to this classification the following main characteristics have be identified for each group of nonprofit organizations:

Organisation typologies: key factors

	Typology	
Factors	**Social**	**Entrepreneurial**
Age	Generally older and with its origins far away in the past.	Younger but anyway born before the Nineties.
Structure	Simple, it suffers from the trade-off between growth internalisation and externalisation.	Complex, able to combine internal and external growth.
Activity	Transversal orientation leaned towards interventions in many different fields	Particular propensity in the welfare area and community services
Strategy	Remarkable eclecticism and elasticity towards fields and markets	Tendency to specialisation and rationalisation of the market relocation

Source: NETS (1998/99)

Only the 60% of the whole sample has declared to pay at least one worker. Totally 5,771 workers are represented with an average value at 40 and a median at 14. Among them, 4,081 (71%) are employed in entrepreneurial organisations (with a mean at 57), and 1,690 (29%) in the social ones, which constitute the 67% of the sample.

With regard to the fields of activity the distribution of workers confirms the trends emerged in the previous sections: 54% of workers are concentrated in the welfare area (the percentage is 62% for the organisations); 41% are in the community services area (25% for the organisations); 4% are in the international activities area (12%).

The entrepreneurial component of the sample is massively present - also in terms of amount of workers - in the areas characterised by rapid processes of professionalization (welfare, education, vocational training, communication), while some fields of action prevalently involve social forms of organisation: this is the case for leisure time, sport and international co-operation. Other sectors where the passage from voluntary action to entrepreneurship is slower and less piloted by public institutions, maintain a balanced presence of the two typologies, as for culture and environment.

An important factor concerns the forms of employment and work organisation within social enterprises: it deals not with quantitative but qualitative data, which show an average incidence at 25% of flexible forms of work, without taking into account the condition of working members of social co-operatives, hidden by an ambiguous open-ended contract. This outcome is not a surprise at the light of the general trend of the economic system, but the analysis needs to be more detailed if considering that data refer to the year 1997 and we are observing stock and not flow variables. In some way it seems that the Third Sector is forestalling those processes now characterising the whole economy.

An important information comes analysing the presence of women among workers. In the whole sample 58% of workers are female and this percentage is even higher in the case of open-ended contracts (both full and part time). But again it must be underlined that within this category even more precarious forms are considered, such as the working members of social co-operatives. Furthermore the presence of women is stronger in entrepreneurial structures (61%), than in social ones (49%). This probably depends on the activities carried out, especially in the case of those organisations working in the area of welfare (the so called “proximity services”).

However the organisational typology has a concrete impact also on the forms of work. It seems clear indeed that the extreme search for flexibility - and following it will be seen if generalised or in dependence to specific factors - appears differently according to the diverse opportunities given by the legislative framework in which the organisation is acting. Thus while in social cooperatives the main form is that one of working members (figuring in the statistics as an open-ended contract), in associations the a-typical contracts are the most used (51% on total!).

Considering as flexible all the collaborators, a flexibility index can be built, characterising the internal organisation of each social enterprise. The entrepreneurial typology is marked by a lower level of the index, independently from the budget dimension, but the ambiguous role of working members contract must be considered. Social organisations are instead characterised by a strong presence of flexible workers for each budget cluster, reaching the maximum (78%) for a budget dimension between 250 and 500 thousands Euro and the minimum (38%) over 2,500 millions Euro.

Third sector organisations who depend from public money are not able to make previsions on “what will happen tomorrow” and, therefore, are compelled to adopt as flexible as possible forms for recruiting personnel. At contrary, a few organisations, those who succeed in raising private funds, can probably plan in a longer-term and to keep lower levels of a-typical contracts, down to a 21% that seems to be just a structural value, due to physiological necessities of the enterprise.

Across the period 1995-1997 the sample of Third Sector organisations investigated by the NETS project shows a huge increase of workers. The average yearly growth rate is 14% (17% for the social typology and 12% for the entrepreneurial one). The maximum value is reached by the collaborators in entrepreneurial typology (49%) and the minimum is for part-time workers in the same sub-group. But what seems to be important is the incidence of the most flexible form of contract on the new jobs: the a-typical workers represent 54% of total new jobs created by the Third Sector. It is surely an important information to be crossed with what has been said before on the composition of employment in these organisations and to be taken into account when evaluating public policies and specific measures for the promotion of the sector.

It is useful to pay attention to organisations with a small economic dimension, because they are the ones which experienced a much quicker growth in the 1995-1997 period: considering those with a less than 125,000 Euro budget in 1995, 35% improved their position, while in the whole sample such a trend has been possible only for the 26% of the organisations. It's important to say that the same trend can be observed among the bigger social enterprises (over 1 million of EURO) in which 13% goes up a level, but these enterprises represent just the 16% of the sample. The "grey zone", the most uncertain one, can be identified by organisations with annual budgets from 125,000 to 1 million: it is the only group that experienced a regression (5% of the enterprise went down a class) even if such a group performed the bigger growing rate (41%).

In absolute terms, the overall budget variations among the 240 organisations amount to nearly 25 millions Euro, that, compared to the initial amount in 1995 (90 millions) give a 30% growth for the two-year 1995-1997, corresponding to an average annual growth of 14%. However this growing is not uniformly distributed among the elements of the sample: on the checked organisation it can be observed that 13% of them are responsible for 90% of the total budget increase, while 43% are responsible only for a 3%.

The balance composition that comes out from the survey is quite articulate. On the side of expenditure it's possible to note that, compared to other surveys (IREF, 1998; Barbetta 1996), the public revenue impact, even if relevant, appear to be mitigated. That is, without any doubt, affected by the way in which the sample has been selected, seeking to favour, as long as possible, the structures less linked to a supplementary role of public intervention. On average the public revenue impact is 37%, compared to more than 75% in 44% of the sample found by IREF and also to the average value of 52% found by Barbetta. The influence of public revenue in the NETS sample goes down to 25% if the reference indicator is the median and not the mean.

The impact of private revenues (outer the organisation, otherwise it refer to self-financing) is 11% on average with a peak in the north (12%), notably for social-type organisations (14%). The self-financing represents the second source of revenue (27%) and it's a maximum in the social-type organisations, particularly for the ones working in the south (40%). While the sales of goods and services (21% overall average) is maximum inside the entrepreneurial component in the north (28%) and a minimum in the social one in the centre (13%).

The financial tendency shows that 61% of the organisations divide equally between public and private revenue predominance (it's been considered the self-financing as well), while 13% is mainly dedicated to commercial activities. The remaining 26% has a financial structure quite balanced.

Differently from the revenues, the data on expenditures are also available in 1995. The strong differentiation between the social structure and the entrepreneurial one is evident. The former is characterised by an overwhelming weight of the structure costs (56%) underlining both the small dimension of this kind of organisation and their rare ability to create jobs. The latter confirm the labour intensive nature of the social enterprise, particularly in places where infrastructures are more available (north and centre).

The increasing percentage impact on labour cost over time is generalised (3 percentage points on average), except for the organisations in the centre that lower the value of the entrepreneurial typology. The trade off between the labour cost and the structural cost confirm the simple structure of this kind of organisations.

The financial costs affects 2% on average and doesn't seem to have significant variation in 2 years, except for entrepreneurial-type organisations in the south where the strong decrease of these costs (almost totally balanced by the rising labour costs) amount to 13 percent points. Concerning the financial flows, further interesting information comes from the survey: 15% of the organisations are completely unsatisfied about the respect of the terms of payments by the public institutions; this value goes up to 24% if only the social typology is considered. The situation isn't better from the side of private revenues. The critical point of this picture regards the absence of "credit capacity" that's closely linked to the ability to give return on capital, so to generate, and above all, "distribute" profits. The lack of these factors move third sector organization away firstly from potential long term investors and secondly from the typical intermediary financial activity: the banks. It is evident, in this context, that the development of the ethical finance could represent a proper answer to a fundamental need for the Italian Third Sector.

The Third Sector in Spain

In Spain 366 third sector organizations have been investigated within the NETS survey.

The most outstanding feature is that the Spanish Third Sector is a very young sector. This backwardness was obviously due to the specific political context of our country. As we can observe, 1979 is the inflection point with regard to the founding of the organisations, coinciding with the beginning of the democratic stage and the subsequent enactment of the Constitution, which provides the possibility of creating associations without the previous governmental authorisation.

With regard to the legal form of the organisations, we can observe a clear predominance of associations, being more than half of the sample (55.5%), whereas not even one third are foundations (30%) and only a small proportion are federations (6,5%) or cooperatives (1,1%).

A great majority of the organisations (82,5%) have just one main activity. Nonetheless, we have to take into account the fact that originally it was not a multiple-choice question. In spite of this, 17% of the organisations said that they were involved in two or more main fields of activity, without considering any of them more important than the others. It is important to highlight that the majority of the organisations contained in the multiple category are active in the social, community and social services field.

Therefore, we are dealing with a sample strongly characterised by organisations devoted to Welfare, Health care and Education, this is to say the principal areas of activity of the Welfare State. In this sense we have to interpret that a large part of the third sector organization have arisen due to the lack of development of the Spanish Welfare State, and because of that the civil society have had to provide these essential services that the State is not supplying. On the other hand, another factor to consider is the fact that the categories we presented are no excluding and for example Personal, community and social services is quite a wide option and probably many other fields could be included within this category. In this sense, in local administration' records "Personal Services" include culture, education, sport, health and many other fields.

Almost the whole of the sample has at least one worker. The percentage of organisations without workers is very low and the current trend has consisted in a progressive reduction of these entities. In 1997 only 5% did not have either of the workers figures here considered, that is to say, full-time employees, part-time, consultants and collaborators and stagers. The great majority of the organisations rise their number of workers and only 8,6% of the sample diminished their paid staff. That means that not only those organisations without workers in 1995 have hired people, but also those which already had employees have increased their staff. Thus, there is a clear trend to the growth affecting the Spanish Third Sector as a whole.

The most outstanding feature from the table below is the important increase in the number of paid workers between 1995 and 1997 (about 63%) estimated in more than 12.000 employees, which reflects the dynamism of this sector. The most increasing value concerns the class "Consultants and collaborators", presenting a difference of 5.705 units. Whereas, full time employees and part time employees have approximately the same variation value (total numbers: 3.399 for full time and 3.130 for part time). Stagers has not experienced a high growth (479), but it fits with the character of this group.

Total number and percentage of workers per typology

	1995		1997		DIFFERENCE 95-97	
	Total number	**%**	**Total number**	**%**	**Total number**	**%**
Full time employees	7.127	35.3%	10.526	32.0%	3.399	47.7%
Part time employees	1.827	9.1%	4.957	15.1%	3.130	171.3%
Consultant and collaborators	10.666	52.9%	16.371	49.8%	5.705	53.5%
Employed by other inst…	545	2.7%	1.024	3.1%	479	87.9%
TOTAL	20.165	100.0%	32.878	100.0%	12.713	63.0%

Source: NETS (1998/99)

Foundations give proportionally more jobs than Associations as well as the organisations contained in the "other" category, demonstrating to have a greater capacity for creating employment opportunities. At the other extreme there is "Association + Federation", whose workers represent a much smaller proportion than this kind of organisations do over the total of the sample. Nonetheless, this trend has been attenuated during the period considered.

The majority of the organisations are rising their number of workers. Therefore, there are no significant differences concerning the trend of employment. Almost all the organisations (more than 70%) assessed that their employment is increasing. Nonetheless, we found some significant differences in relation to the amount of workers and labour structure depending on the legal form. Associations employ less paid personnel than the organisations of the other legal forms. Foundations have a great amount of employed personnel and, on the other hand, a more stable labour structure contrasting to the remaining legal forms, which are mainly composed of collaborators --this is to say, they have a precarious labour structure.

"Welfare" area has a proportion of workers, which is over represented (over 20 percentage points) when considering the weight of this category over the total sample. That means that this field is employing considerably more workers in proportion than the remaining fields. On the other hand, in 1997 "Education" is also over represented though not in a large proportion. The remaining fields do not employ a large proportion of workers.

"Rights", "Advocacy" and "Health Care" are those fields which have the highest percentage of organisations employing people, in 1995 as well as in 1997. On the other extreme, there is "Culture" where in 1995 almost a third of their organisations didn't employ any worker. In 1997, however, this percentage has notably decreased although it is still the field with the greatest percentage of organisations without any employee. Concerning Education we note that there is an important reduction of the percentage of organisations without any type of labour.

In accordance with the previous information, we observe that "Education" is the most increasing field. On other hand, "Culture" is the most stable and decreasing category, that is to say, the less increasing field. Obviously it has to do with the fact that they do not need so many workers, meanwhile the remaining fields are labour intensive. Nonetheless, no major differences between the trend of employment have been found concerning the field of activity, around 70% assess a positive trend with the exception of the Culture field with only 50%. Welfare and Education are the fields that employ on average terms more people. But, Welfare is also the field of activity demonstrating the most precarious labour structure, together with the field of Civil Rights Advocacy and, at a lower degree, Culture field. On the contrary, the field with the more stable labour structure is Health Care.

Summarised budget classes

	1995	1997
	Total %	**Total %**
Up to 30,000 euros	18.2%	12.6%
30,000 – 300,000 euros	39.7%	39.4%
300,000 – 1.200,000	26.1%	28.1%
More than 1,200,000	15.9%	19.8%
Total	100%	100%

Source: NETS (1998/99)

The average organisation disposes of a considerable amount of money in their budget (mean 847.469 Euro). Then, when we analyse the distribution of the sample in relation to the amount of budget, we notice that there is a clear growing trend (37% of the organisations have risen their budget) affecting the higher position of the range. The group with the most weight is composed of the organisations having between 30.000 and 300.000 Euro of budget, as they bring together 40% of the sample. A significant 20% of the entities have a truly high budget, as they surpass the average of a million of Euro of budget. It also should be noticed, that the cluster of organisations with lower budget (less than 30.000) lose weight over the whole of the sample, if in 1995 they represent 18,2% in 1997 they only make up 12,6% of the entities.

The organisations devoted to Rights Advocacy (938.210 Euro in 1997) and Education (1.063.746) are those demonstrating higher budgets, being clearly over the budgetary average (847.469) for both years. At the other extreme, Culture (615.060) and Health Care (622.622) and Welfare (708.307) are these fields which dispose of the lowest budget.

In dynamic terms we observe that the fields with the highest amount of money available, this is to say Rights Advocacy and Education, are also those increasing their budget the most (approx. 200.000 in Euro) and with the highest percentage of organisations rising (around 40%), with the exception of the “Culture” field. The organisations with the lowest budget, those devoted to culture, are the most dynamic (they have increased their budget in almost 250.000 Euro on average). But, it is quite logical if we take into account the minimal initial level of budget that they have and only 31% of the total have increased their budget.

The mean of revenues coming from public institutions is clearly superior to the remaining categories, being this 57.03%. This is to say, more than half of the incomes of the organisations come from public institutions. The following category with the greatest mean is internal funds, social membership, but this does not reach 20% of the total revenues. Even when adding up the rest of private categories, we observe that the weight of revenues from private institutions is relatively weak. Therefore, we can state that on average terms we are dealing with a sector essentially based on public revenues, which is to say, its incomes are mostly generated by public institutions. It is clearly reflected the financial dependency of the Spanish third sector on public institutions, which becomes even more obvious when we consider the financial orientation.

More than half of the organisations are State-oriented, which reveals the dependency of the third sector organizations on the public resources. The second larger category is "mixed", that is to say, none of the income form prevails over the others over 30% points. Nonetheless, the percentage of mixed organisations is very low which reflects the financial dependency of the organisations and the lack of diversification of their revenues. On the other hand, Private-oriented organisations are a minority, not reaching 20% of the sample.

With regard to the legal form we can also observe a different pattern for each category. The predominant income form prevailing regardless of the legal form is state-oriented, although the percentages vary noticeably. Association is the legal form which depend the most on public grants, with 85% of the organisations fulfilling the criterion being state-oriented. On the other extreme we found foundations that is the legal form with the lowest proportion of state-oriented entities and with a significant percentage of private and market oriented organisations (30% and 10% respectively of the entities fulfilling the criterion).

State-oriented is the predominant category for all the macroareas, with the sole exception of Culture that have 70% of the organisations having a private orientation. Thus, we can also observe a relationship between the main field of activity and the financial-orientation, being Culture those demonstrating the most private orientation, therefore the most differentiated behaviour.

There exists some clear relation between the number of workers and the sources of incomes. In the first place we observe that third sector organization with paid personnel receive more public grants, while third sector organizations without paid personnel are financed mostly through internal funds (particularly from internal funds and social membership). In the second place, the greatest number of workers the highest amount of public grants received, trend from 1 to 50 workers. From 50 workers we note a different trend, consisting in third sector organization with more than 50 workers use more diversified sources of revenues. In this sense, although they receive less money from public institutions they receive more money from the sale of goods and services. On the other hand, the sale of goods and services increases with the number of workers, but especially we note the greatest values for the organisations with more than 50 workers.

Half of the total budget is allocated to “human resource costs”, thus we can state that we are mainly dealing with *labour intensive* organisations. In this sense, the percentage distribution matches with the kind of organisations characterising our sample, which are particularly devoted to social services. The second largest category corresponds to “other cost” (30%), having such a high percentage because included in it are the cost of activities and services provided. On the other hand, the low percentage of structural and financial costs stands out, which reflects the weak position of the third sector organization.

There are no significant differences between the three legal form categories concerning the composition of the expenses, all the categories follow almost exactly the trend described above. We can observe some variations with regard to the budgetary structure in relation to the main field of activities. The expenses on human resources surpass 50% of the budget in these organisations devoted to Welfare, Education and Health care. On the contrary, these entities oriented to Rights Advocacy and Culture show an index of expenses for the other costs of 40% or more, whereas they only set aside a third of their budget for human resources.

Policy implications

Focussing on policies, the elaboration of the research findings and the analysis of the proposals coming from third sector organizations, has led to the following main conclusions:

- the retrenchment of the state from the welfare system and the adoption of the principle of **subsidiarity** will open further spaces to the third sector in those countries with a less (or differently) developed welfare system;
- the employment impact of these activities (**social services and health care**) is not easy to be assessed, but first analysis don’t provide significant indications about the creation of new jobs. Furthermore it seems observable a passage from public employment to worst and less protected jobs (more than is happening in the rest of the economy);
- the so-called **community services** offer opportunities for innovative and job-oriented initiatives: from education to vocational training, from communication and multimedia to culture and leisure time, from environment to sport, these fields represent main employment basins for the next decade in the nonprofit sector;

- creation of new employment in the third sector passes for the active promotion of community services but it doesn't mean just spurring the organizations to adopt more market-oriented strategies or facilitating the demand, it also means providing **basic services and infrastructures** concerning the logistic and credit support, vocational training, access to communication, adequate employment facilities;
- **volunteering** is still a strong component of the sector. It is necessary to promote the culture of voluntary action and give public support to those organizations able to integrate and give value to volunteers, especially when they are mostly young people, that often use voluntary as the first opportunity to train themselves and be inserted into the labour market.

Of course these very general conclusions come from the analysis of each particular situation investigated in the national surveys. Here following there is a short presentation of main results that, for each country, have either direct or indirect policy implications.

Germany

The results of our empirical research show a differentiated picture regarding the employment prospects of the Third Sector. The recent retrospective employment growth being not so impressive like in the past twenty years, but rather stagnating or even decreasing in some fields, the future prospects of employment seem to depend mainly on political decisions. On the one hand, the priorities in social and employment policy set especially by the Federal government, and the ability for reforming the legal framework of the third sector on the other hand are the main factors influencing job creation in the German Third Sector.

Concerning the previous mentioned factor, social and employment policies, the point is not to simply subsidize new jobs in the nonprofit-sector, but to decide about the future public responsibility for esp. personal social services according to the societal demand. There are many societal areas with needs not yet met (e.g. child care) and which could be (expanded) fields for activity of nonprofit organizations offering rather high and qualified job prospects. Yet, to make use of these new job opportunities public subsidies are indispensable since most of the "traditional" welfare services cannot exist without. If the government still follows a policy of budget consolidation at the expense of social policy the welfare branch of the third sector is threatened by losses of workers as well as declining standards of quality of provided services. The only alternative to this would be a stronger for-profit orientation of the services in those sub-sectors where paying users could be found.

The second important factor, the legal framework, implies the need for creating reliable, efficient, adequate long-term conditions for nonprofit-organisations as a working basis. Multiple needs for reforms of the legal framework have been observed and corresponding proposals have been put forward in order to allow more autonomy of the third sector from the state and to strengthen self-organisation and self-financing. These reforms are on the agenda both from the view of a draw back of the state from societal responsibilities and from the view of a urgently necessary modernisation of the relationship between nonprofit organizations and the government.

Besides the precarious situation of the "traditional" branches of the German third sector new opportunities of expanding services implying job creation could be observed in the fields of recreation, sports, health care (in a wider meaning, including the new "wellness" products), culture and environment protection. New products are likely to emerge here, promising to be selling to people able to pay for them. However, nonprofit-organisations must succeed in competition with for-profit companies in these new service branches. Modernisation of internal structures, clear and effective participation esp. of users and workers, adequate personnel management and training opportunities are - perhaps not the only, but definitely necessary - prerequisites in this competition on the part of the nonprofits. Certainly these internal reforms are needed in the “traditional” branches of the third sector as well.

Yet, despite of all these positive employment opportunities in the third sector we must not forget that job promotion is not the genuine objective of intermediary organisations. There are and there hopefully always will be organisations working strictly on a voluntary basis, refusing the general trends of professionalisation and marketisation of society. Moreover, all those new job opportunities cannot be the cornerstone for an effective policy against mass unemployment - solely regarding the quantitative limits.

However, the proposed reforms could serve multiple purposes legitimating these policies:

- creating some (ten) thousand new, qualified jobs;
- promoting the services sector in the still industry dominated German Federal Republic;
- modernising and de-paternalising the relationship between government and intermediaries; and, last but not least,
- meeting the needs of a modern, yet social responsible society.

Italy

Figures emerging from the analysis of the employment dimension witnesses the growing contribution to job creation stemming from the Third Sector. As we have seen, both at national and European level different policies are in force to promote and help the development of nonprofit organisations. But the intervention of the State to sustain the third sector has been in delay, following the fast development of the phenomenon; not offering an organic framework to the entire Third Sector but often regulating only some specific aspects (fiscal above all); opportunistic, caused by the Public Administration need to contain costs, and not devoted to promote an effective development and self-organisation of civil society.

Public support for the third sector takes advantages and disadvantages. First of all, it is necessary not to consider the development of nonprofit organisations only as a consequence of the process of restructuring of the Welfare State. The role of third sector organization should not be (only) substitutive of that of the State, but can instead widen and diversify the activities of the welfare system. From the analysis of the Italian context it clearly emerges that an intervention from the State is needed, but this intervention has to be shaped in order to promote the autonomous development of the social economy rather than creating a third sector dependent from the public (para-State) or from the market (para-market). The State should pursue the setting up of a coherent framework of laws and rules and offer concrete services, rather than transferring resources through not-transparent and dependence-creating mechanisms. General measures are needed in order to stimulate a new role for individuals and civil society, and this call for a complete reform of the welfare system and of the ways through which an innovative model of citizenship can be promoted. Some of these measures have been proposed here, in accordance with what emerged from the survey:

- spurring autonomy of local authorities;
- experimenting new forms of citizen income;
- re-shaping the organisation of work (it means reduction of the working time but also more “good” flexibility, life-long learning processes, leaves for volunteering);
- promoting new forms of citizenship, especially towards younger generations (National Civil Service);
- providing more services and “infrastructures” than just financial resources to organisations representing the civil society.

Moreover, focussing on the employment potential of the third sector, a specific attention should be paid to the features of work in nonprofit organisations. Quantitative analysis cannot be isolated from the qualitative one, and a strong multidisciplinary approach is needed in order to evaluate all key-factors, tacking into account the risk that a b-category market labour is created, in terms of working conditions, wages and workers protection. In a general phase of deep changes in the labour market, characterised by ever more marked processes of reduction of protection and heightening of competitiveness, the Third Sector should provide a solution other than being the place where flexibility implies precariousness.

Spain

From the survey results we conclude that the different aspects affecting the level of employment of the Spanish Third Sector are the legal form, field of activity and amount of budget. Nonetheless, we are dealing with a sector which in general is experiencing an important growth: more than 70% of the studied organisations assessed that their employment has risen and the total amount of paid personnel has increased by 63% between 1995 and 1997. Another important trait is that the labour structure of the third sector organization is quite young: almost 50% of the paid personnel is between 31 and 40 years old, and one third of the workers is younger than 30.

Associations employ less paid personnel than the organisations of the other legal forms, whereas Foundations have a great amount of employed personnel and, on the other hand, a more stable labour structure. The legal form should not be a significant element concerning the creation of new positions. However it is certain that in Spain people relate associations to a kind of organisation with a lack of continuity of the governing boards as well as a high volatility due to the assembly democratic process. Nowadays, it seems that the society has just discovered the foundations, and these have become fashionable making people involved in third sector organization feel that they are the panacea to their problems. All this has provoked a lot of associations to create foundations in order to improve their daily functioning and also to try to obtain certain tax advantages.

The fast growth of the Spanish Welfare State has provoked that the non-profit organisations working overall in the personal, community and social services field, have had to increase spectacularly its programs and services provided. However, the lack of democratic culture and the little confidence of the public administrations, have involved insecurity in the organisations in relation to the programs that they are carrying out. This fact also explains the labour precariousness detected in the non-profit sector, mainly in the Welfare field (one of the fields employing more people), together with the field of civil rights advocacy and, at a lower degree, the culture field.

It seems evident that the organisations with the greater budgets have more opportunities to hire paid personnel. When an organisation hires personnel it has to assume a more complex management, in order to cope with the bureaucratic paperwork that the insatiable and obsolete public administration demands.

The proportion of incomes from public institutions, on average terms, for the whole of the organisations is 57%. Only 10% of the incomes come from private institutions, 17% from internal funds, 6% from the sale of goods and services, 4% from financial incomes and 4% from other sources. In general terms, the income typology proportions remain very stable for all the different kind of organisations. One of the possible explanations is the decentralisation, political as well as administrative, that Spain has experienced in the last 20 years. Therefore, municipal governments finance the smaller associations and the state and the *autonomous communities* finance the larger organisations.

Concerning the expenses, the studied third sector organizations follow almost exactly the same trend: they all are labour intensive assigning half of the budget to "human resources cost". With regard to the main fields, the expenses of human resources surpass 50% of the budget in these organisations devoted to Welfare, Education and Health Care. These oriented to Rights Advocacy and Culture show an index of expenses for the other costs in 40% or more, whereas they set aside a third of their budget for human resources.

A strong dynamic growth of employment opportunities is affecting the Spanish Third Sector, which will continue unless significant changes in the western economic conjuncture happen. Notwithstanding it is still under-developed, and because of its youth, there are still possibilities for an employment growth. In this sense, we observe that the majority of people employed is between 20 and 40 years old (approx. 80%) and there is an enormous lack of people within the 40-65 age group. Probably it is because this is the generation (31 to 40) which is building the Third Sector in Spain. Our hypothesis is that in following years, the pyramid of age of the third sector will be quite balanced, even though the younger groups will remain better represented in comparison with the other economical sectors due to the inherent dynamic of the third sector.

Employment in the Spanish Third Sector has large potential of growth. The level of development will depend on several factors, the main of which we summarise following:

- The **democratic development**. A deficit of participation exists in the Spanish society, which results in a weakness of the civil society and because of that there are a reduced amount of job placements in the Third Sector. Once a democratic maturity is reached then the participation will be incremented as well as will be, consequently, the non-profit organisations. All this will be translated into a significant rise in the employment.
- The **reform of the public administration.** A program of de-bureaucratisation and simplification of the relationship between third sector organizations and public administration is necessary. This should be accompanied by a change of habits of the political class and the public managers in order to promote the cooperation and the dialogue
- The level of **development of the Spanish Welfare State** and particularly the policies aimed at the full employment and the reduction of the labour precariousness. Thus, we foresee an expansion of the Welfare State reaching a social conversion with the European countries. This will involve an important widening of the third sector in the welfare area and, therefore, in the employment opportunities.
- It is necessary that **financial entities** (bank and saving banks) organise training activities addressed to their managers with the aim of making them understand that the third sector will be in the near future one of the most important business areas.
- It exists a clear deficit regarding **private donations** towards third sector organization. This fact is due to two main aspects. Firstly, we have to cope with the lack of tradition existing in the domestic economies to give donations to those organisations. It used to be a value transmitted from parents to children and used to mean an element of cooperation with and belonging to the community affairs. A second difficult aspect private donations stems from the lack of fiscal incentives. Thus, it would be necessary to renew the fiscal normative for each kind of third sector organization in order to make donations viable. This will provide the organisations with a higher degree of independence

In short, it is indispensable to rethink the fiscal legislation concerning the third sector organization from the perspective of the growth of the sector as well as from the social and cultural initiatives, instead of carrying on designing these norms form the view of incrementing the tax collecting. Besides, fiscal exemptions concerning third sector organization should be clarified and enlarged.

There are other great variety of different lines of intervention in order to promote the employment:

1. support to the day-to-day functioning of the organisation's structure;
2. support to the professionalism of the third sector organization. Nowadays, the wages are quite low in relation to the responsibility and the professional degree required;
3. support to the hiring through advantages to take on personnel;
4. simplification of the contractual modalities and, therefore, of the access to the advantages (reduction of the social security share paid by the organisation, etc.);
5. creation of a specific contract for the third sector and a collective bargaining;
6. compulsory for the public administration of hiring non-profit organisations to execute certain kind of social and community services.

Last of all, we consider the ideological background of the policies oriented to the Third Sector, particularly in our country. The question that must be taken into account is the debate concerning the necessity of reform, and even reduction, of the Welfare State. Neo-liberal ideas propose the reduction of the Welfare State provision in the long term to convert it into a residual Welfare State. According to that approach, the Third Sector should be the provider of the social services of this residual Welfare State. Moreover, this approach confuses civic entities with enterprises which supply social services.

2. Background and objectives of the project

The NETS project has been thought in the framework of the so called *jobless growth* affecting European countries, when, under the pressure of growing unemployment, in the public and scientific debate a particular attention has been, and still is, dedicated to the third sector.

2.1 Theories and the scientific debate

In the mid 90s theoretical contributions from several authors, headed by Jeremy Rifkin (1995), were speaking about the new employment opportunities that could emerge from nonprofit activities and, more in general, of the importance of the third sector for the evolving economic and welfare systems. Four main fundamental theories can be individuated to explain the existence and economic relevance of the Third Sector. They move from diverse, multidisciplinary, approaches and give different interpretation of the role of non profit organizations, reflecting the complexity of a phenomenon which finds its own place among society, economy and policy, between individuals in a society and the spirit of solidarity, between social needs and self-organizing experiences:

- **the voluntary provision of public goods** (Weisbrod, 1988): in this model, nonprofit organizations provide quasi-public goods since the quantity and quality of public goods supplied by the government is decided by a political voting process, implying the State is interested only on the median voter. Governmental entities will tend to provide public goods only to that level satisfying the median voter; consequently, there will be residual unsatisfied demand for public goods among those individuals whose taste for such goods is greater than the median. Non-profit organizations arise to meet this residual demand by providing public goods in amount supplemental to those provided by the government;

- **the contract failure theory** (Hansmann, 1989): in case of information asymmetry, due either to the circumstances in which the product is purchased and consumed (separation between purchaser and consumer) or to the nature of the product itself (public good), consumers are unable to evaluate accurately the quantity or quality of the service a firm produces for them. In such circumstances, the non-distribution constraint of profits for third sector organizations offers consumers the advantage that those who control the organization are bounded in their ability to personally benefit from providing low quality services and thus have less incentive to take advantage of their customers;

- **the supply side variables analysis** (James, 1989): why does the government sometimes delegate the production of public goods rather than producing them itself, and what differences does it make? James suggests three answers. Firstly, if policy-makers prefer (or face pressure) providing services differentiated by language, religion, etc., the delegation of production responsibilities to nonprofit organizations is one way to achieve this objective. Secondly, private organizations can more easily charge fees for services, so that the government share of total cost is reduced when production responsibility is delegated to them and more people can be served for the same public expenditures. Thirdly, private organizations may also generate lower costs than government institutions, especially for labour, and, historically, they have benefited from voluntary donations of time as well as money. Both these factors lead private service suppliers to pay lower wages than public on average, hence to have lower costs;

- mediating structures and intermediary organizations (Van Til, 1988; Bauer, 1990; Evers, 1990): third sector organizations act as intermediaries between organized economic interests of market firms on the one hand, the political interests of state agencies and their constituencies on the other, and not least - as a «fourth» sector - the private world of individual needs.

Further theoretical contributions enlighten that this socio-economic sector has some internal specificities that enable the best social performance and fast answer to new needs:

- first of all, a social enterprise is often characterized by a **multi-stakeholders structure**, implying the presence of diverse and even opposite interests in the decision making processes, balancing each other, and granting the pursue of different needs (Borzaga Mittone, 1995);
- secondly, in most cases Third Sector organizations working at a **local level** are strictly connected to the beneficiaries. These people will receive benefits and they will be able to give a feedback to the organization, assuring a natural tendency toward effectiveness (Laville, 1997);
- thirdly, the high level of **extra-economic motivation** - like the presence of volunteers, not for specific roles requiring professional skills, but especially for care and advocacy activities - implies also high flexibility and an inner capability to adapt the structures to changing needs, to contain costs, and to take into account the quality of services (Lombardi et al., 1999).

Thus, the Third Sector has been considered as the natural partner for a state when reforming the welfare system, in consideration of its features as promoter of collective "intermediary" forms of organization and participation. Actually, in the meantime, these theories have been implemented into practice through a strong process of contracting-out of welfare services from public administrations to nonprofit organizations, constituting and diversely shaping that model known as **welfare-mix** (Ascoli, Pasquinelli, 1993).

2.2 Policies at national and European level

The need to solve the dramatic problem of unemployment has spurred all European governments to search for long-term solutions and to experiment new ways to create employment. Thus since the first half of the 90s the third sector has been targeted with specific measures aimed at sustaining its growth.

From the *White paper* by **Jacques Delors** (1993) to the **Third System and Employment** Pilot Action of the European Commission (1997), policies for social inclusion in Europe have taken into account the strategic role of the third sector and much emphasis has been given to its employment potential. At national level this is the case of the laws on social cooperatives and Onlus in Italy, new policies for long-term unemployed in Britain and Germany, the improvement of the welfare system in Spain.

But the **lack of data and analysis** on dynamics and size of nonprofit activities didn't permit to elaborate well-defined strategies and prevent the adoption of the most adequate measures. That is why the Third Sector comparative project launched by the **Johns Hopkins University** of Baltimore (USA) in 1994, providing first data on dimensions and economic features, has raised so much attention in Europe (Salamon and Anheier; 1997). This major project still has the ambition to give an international comparative look at the third sector in the world and actually has enriched the analysis with a fundamental set of basic information. But its aim is first of all providing an overview of the sector, under a sociological, political and economical point of view. Therefore the need to analyze and specifically focus on the employment potential of the nonprofit sector was not covered by any specific survey and study. This framework represents the origin of the NETS project, aimed at studying which employment opportunities can come from the third sector, under a European comparative perspective

2.3 Objectives and rationale for the project

Main objective of the project has been assessing the employment potential of the third sector. It implies the testing of some principal affirmations that in the last years have dominated the political and scientific debate:
- « third sector organizations, because of their characteristics, are able to satisfy those new social needs, expressed by our complex societies, that other sectors cannot even recognize, in fields ranging from elderly and child care to environmental protection, from culture and multimedia to sport activities, were most significant is a demand which both the market, because not profit oriented, and the State, because of its incapability to reveal it and its bureaucratic structure, leaves unsatisfied «;
- « the third sector offers job opportunities for those social groups excluded by the market activities, such as disabled, young unemployed, etc. «;
- « in time of retrenchment of the welfare system and of new social problems, social enterprises offers a crucial contribution to social cohesion, offering room for voluntary and temporary activities. Positively, it represents a place where a different and more flexible time organization can be experimented while the diffusion of new information and communication technologies radically changes the way learning, work and leisure time are organized «;

One of the main question was whether in the European context the third sector is really able to give a net contribution to the solution of the problem of unemployment. Many affirmed that it is no possible to create new - not substitutive - jobs in the third sector: the fiscal crisis of all European countries and the budget cutting needed to meet the Maastricht criteria in order to join the European Union, on the one hand has decreased the financial resources available for third sector activities, on the other hand this process has let third sector organizations emerge as even more relevant welfare services providers.

Thus the research aimed at giving an overview of the policies, the legislation and the characteristics of the third sector in the countries under study and more in general in the whole Europe. Fundamental activity of the project has been a survey on 500 third sector organizations in each country under study, and the evaluation of the impact of policies for the third sector on public expenditure. The comparison of the data from the three countries helped the elaboration of proposals of national and European policies for employment creation in the third sector.

The work programme of the NETS project envisaged the following main phases:
- overview of theories and analysis on the third sector;
- review of present policies affecting the third sector in countries under study;
- conduction of an empirical survey on 1,500 nonprofit organizations;
- elaboration of the proposals for *ad hoc* policies;
- dissemination of outcomes among the scientific community, policy makers, the third sector.

There were not substantial changes during the lifetime project, besides the choose of different strategy for the implementation of the empirical survey: it has been justified by the coincident concentration of several different surveys on the same target (nonprofit organizations) which showed the risk to obtain very low answer rates. Actually, with the aim of collecting 1,500 questionnaires, more than 2,600 organizations have been contacted, and an average answer rate at 30% has led to the collection of 841 questionnaires.

3. Scientific description of the project results and methodology

3.1 Defining the third sector

First relevant finding of the project is having found a common definition of the third sector, which takes into account all previous studies and theoretical contributions and integrate them with the operative exigencies of the project and specific considerations on the European context.
The review of theories and analysis has provided the following main classification of definitions and contributions concerning the sector (see Working paper number 1 in the annexes for more details).

«Neither State nor Market»

The concept of «Third Sector» originates from the existence of a «first» sector, the Market, and a «second» sector, the State. It is also based on the existence of another sector, which develops beside the market and the State, that is «neither market nor State». Thus, it is a *definition ex negativo*. It tells what the third sector is not: neither Market (i.e. «non-profit»), nor State (i.e. «private» and «non-governmental»). It is not positively defined by its characteristics and elements. Thus, the question is still open on how the third sector differentiates from the other two sectors.
There are mainly four criteria to define the Third Sector: legal, functional, economic, and structural. We propose an overview of the different criteria, underlining the advantages and the disadvantages of each one.

3.1.1 Legal Definitions

Probably the most rigorous way to identify Third sector organizations is to consider the definition provided by the legislation of the country considered. Each country has a different legal system and therefore a different definition of Third sector organizations.

In the U.S., the Internal Revenue Service hold a list of tax-exempt nonprofit organizations. Those are private organisations (corporations, associations, mutual societies) whose statute prohibit the distribution of profits to the members of the organisation. Moreover, their activities are included in one of the 25 categories of the Internal Revenue Code 501 and 521. All these organisations are tax-exempt but, among them, only organisations under 501 (c) of the Internal Revenue Code, defined as «charitable organisations», can receive tax-exempt donations. This classification is important because most scholars who investigate third sector refer to the U.S.-American reality.

European countries have a very different social, political and economic structure. In the countries under study there does not exist a unique and homogeneous legal definition of third sector. There are several legal definitions of different types of third sector organisations, that contribute to create the «neither State nor market» sector. These legal forms can be used to proceed to a legal classification of organisations within the third sector, but not to define the third sector as a whole.
The main problems caused by this type of definition are underlined by Salamon and Anheier (1997, p. 35): «Legal definitions are almost by definition particular to individual countries». This principle does not permit to make a comparison of the third sector in different countries and to reveal the most peculiar characteristics of Third sector organizations.

At the same time in Europe the trend is growing towards a privatisation policy. In this context, private organisations are created as formal Third sector organizations, but actually they can be seen as a way to contract out public activities.

Internal Revenue Code Classification of Tax-exempt Organisations

501(c)(1) Corporations originated under Act of Congress, including Federal Credit Unions. These are considered instrumental in the United States.
501(c)(2) Title-holding Corporation for a tax-exempt organisation.
501(c)(3) Religious, educational, charitable, scientific, and literally organisations, and those testing for public safety, fostering certain national or international sports competitions, or working to prevent cruelty to children or animals. Includes private foundations.
501(c)(4) Civic Leagues, social *welfare* organisations, local associations of employees. These are organisations promoting community *welfare*, charitable, educational, or recreational activities.
501(c)(5) Labour, agricultural, horticultural organisations. These are educational or instructive groups whose purposes include improving conditions of work, products and efficiency.
501(c)(6) Business leagues, chambers of commerce, real estate boards, etc., formed to improve conditions in one or more lines of business.
501(c)(7) Social and recreational clubs which provide pleasure, recreation and social activities.
501(c)(8) Fraternal beneficiary societies and associations, with lodges providing for payment of life, sickness, accident, or other benefits to members.
501(c)(9) Voluntary employees' beneficiary associations formerly covered by section 501(c)(10), providing payment of life, sickness, accident, or other benefits to members.
501(c)(10) Domestic fraternal societies and associations-lodges devoting their net earnings to charitable, fraternal, and other specified purposes. No life, sickness, or accidental benefits to members.
501(c)(11) Teachers' retirement fund associations.
501(c)(12) Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or co-operative telephone companies, etc. These are groups with activities similar to those implied by the description of class of organisation beneficial to members.
501(c)(13) Cemetery companies, providing burial and incidental activities for members.
501(c)(14) State-chartered credit unions, mutual reserve funds, offering loans to members (exemption for building and loan associations and co-operative banks repealed by Revenue Act of 1951).
501(c)(15) Mutual insurance companies or associations, providing insurance to members substantially at cost (limited to organisation with gross income of $ 150.000 or less).
501(c)(16) Co-operative organisations to finance crop operations, in conjunction with activities of a marketing or purchasing association.
501(c)(17) Supplemental unemployment benefit trusts, providing payments of supplemental unemployment compensation benefits.
501(c)(18) Employee-funded pension trusts, providing benefits under a pension plan funded by employees, created before June 25, 1959
501(c)(19) Post or organisation of war veterans.
501(c)(20) Trusts for prepaid group legal services, as part of a qualified legal service plan or plans.
501(c)(21) Black lung trusts, satisfying claims for compensation under Black Lung Acts.
501(d) Religious and apostolic associations, conducting business activities for communal religious communities.
501(e) Co-operative hospital service organisations.
501(f) Co-operative service organisations of operating educational organisations, providing investment services.
521 Farmers' co-operative associations, doing marketing purchasing for agricultural producers.

3.1.2 Economic-Statistical Definition

Another class of definition is based on the source of income rather than on the legal status of the organisation. The System of National Accounts (1993) and the European System of Accounts (1995) designed for a better degree of uniformity into the economic reporting of the major industrial countries, especially for those of European Union, classify the whole economic structure in 5 macro sectors: households, non financial enterprises, financial enterprises, general government and non-profit institutions serving households.

The classification of the statistical units within the sectors is based on the following criteria:

1 - Public and private status according to the controller;

2 - Profit and non-profit according to the presence of a non distribution constraints for the profits gained;

3 - Market and non market units according to the relevance of the price of the goods and services sold. If the sales are less than 50% of the production costs the unit is considered being non market and vice versa. The application of the market criteria is measured ex post.
The non-profit institution serving households are the statistical units closer to the usual concept of third sector organisation. For the European System of Accounts they are private entities (Private) with a non-distribution-of-profit constraint (Non-profit) selling their products and services at a price covering less than 50% of the production costs (non market). This sector includes either mutual organisations like cultural and sport organisations either trade unions and political parties than charities and other organisation respecting the idea of public benefit.
The other non-profit entities are classified in the other sectors according to the parameters 1, 2 and 3. This division is also the main problem of this classification system for the third sector organisation are split between the whole economic structure.

Distribution of non-profit institutions in the European System of Accounts (1995)

Non financial corporations Non-profit institutions serving households (Private, market and non-profit) Non-profit institutions serving business (Private, market and non-profit)
General government Non-profit institutions controlled and financed mainly by public sector
Financial corporations Non-profit institutions (Foundations)
Non-profit institutions serving households (Private, non market and non-profit)
Households All the non-profit institutions without economic significance

In Germany, the National Office for Statistics classifies a big part of the third sector under the title «non-profit enterprises, private income» («*Unternehmen ohne Erwerbszweck, private Haushalte*»), through which it is possible to collect a lot of data. Of course that part of the third sector that does not meet the criteria «non-profit enterprise, private income» remains outside. «Under this definition, many of the most important interconnections between the non-profit sector and other sectors of social life are essentially defined away: non-profits that are engaged in such interconnections to a significant extent are simply treated, by definition, as parts of these other sectors and not part of the non-profit sector at all» (Salamon and Anheier, 1997, p. 37).

Economic definitions can be divided between a more fiscal and a more statistical economic definition. Likewise the legal definitions, that applies to the single types of organisation, the fiscal definition is not significant in the same way for the entire third sector. Much more the fiscal regulations are applicable only to each particular type of Third sector organizations.

3.1.3 Functional Definition

The functions and the objectives of an organisation underlines a third set of definitions. In this sense, a third sector organization is an organisation which works for «social welfare» and in public-aiming activities.

In the U.S. literature, the social and public utility function is considered very important. «Perhaps the most common type of function attributed to the non-profit sector is the promotion of what is variously termed the as ‘public interest’ or ‘public purpose’. Thus O’Neill (1989: p. 2) defines non-profit organisations as ‘private organisations serving a public purpose’, i.e., some cause related to ‘the good of the society.’» (Salamon and Anheier 1997, p. 31)

The Italian debate is much more concentrated on the concept of «social utility», the German on that of «public welfare» (*«Gemeinwohl»*).

«A second type of functional definition focuses ... on a more narrow set of group interests or concerns. Such definition emphasise ‘mutuality’ or ‘solidarity’ as the central distinguishing features of these entities. Reflecting this, they tend to utilise the term ‘association’, which connects a coming together of people for a common purpose ...» Salamon and Anheier underlines to right «this variant of the functional approach is particularly prevalent in Europe, where the tradition of guilds and the French revolution’s concept of ‘fraternity’ still hold sway» (Salamon and Anheier, 1997, p. 32).

With regard to the meaning of voluntarism and community a third functional definition appears. From such a definition of the objectives the third sector are «groups of people who join together voluntarily for some common or shared purpose and interact in a spirit of mutuality» (Salamon and Anheier,1997). In this sense, the third sector has a social function of inclusion/exclusion.

In Europe, especially Germany, the third sector is actually recognised as a factor of «civil society» (*«Zivilgesellschaft»*). (Habermas 1990; Schmals/Heinelt 1997)

Salamon and Anheier see the functional definition as very problematic «because it requires extensive listing of types of purposes that qualify organisations for non-profit status» (Salamon and Anheier, 1997, p. 32). The functional definitions present some difficulties also because some of the key functional categories are often ambiguous and others are highly time-sensitive. Serving the ‘public good’, for example, is a difficult concept to define with precision and may depend on the eye of the beholder» (Salamon and Anheier, 1997, p. 37).

On the one hand, this definition enables international comparison; on the other, it is not rigorous and economic. In fact, it is difficult to define the ambiguous and changeable concept of «social welfare», and it is not helpful for statistical analysis. Moreover, organisations active in fields different from welfare (such as culture, sport, etc.) are excluded.

3.1.4 Structural-Operational Definition

«A final set of definitions emphasises not the purpose of the organisations or their sources of income but their basic structure and operation» (Salamon and Anheier, 1997, p. 33). Salamon and Anheier developed a so-called structural-functional definition to identify nonprofit organizations for the Johns Hopkins comparative research «toward an understanding of the international non-profit sector» (Salamon and Anheier, 1994).

According to this definition, the third sector is «a collection of entities that are»:

- **Formal**: i.e., institutionalised to some extent. What is important is that the organisations have some institutional reality to it. In some countries this is signified by a formal charter of incorporation, like a statute, a founding charter, or any other document which regulates how to become member of the organisation and the relationships among the members. But institutional reality can be demonstrated in other ways (i. g. by having regular meetings, officers, or rules of procedure, or some degree of organisational permanence). Purely ad hoc, informal and temporary gatherings of people (like committees against war, for an earthquake, etc.) are not considered (otherwise this concept is more similar to that of informal economy).
- **Private**: i.e., institutionally separate from government. Third sector organizations are neither part of governmental apparatus nor governed by boards dominated by government officials. This does not mean that they may not receive significant government support or that

government officials cannot sit on their boards. The key here is that Third sector organizations are fundamentally private institutions, not only formally but in basic structure.

- **Non-profit-distributing:** i.e., not returning profits generated to their owners, members, or employees, neither directly nor indirectly (through, for instance, much higher wages than average). This does not mean that third sector organization are barred from gaining profits but only that profits have to be re-invested in the activity of the organisation. In this sense, third sector organization organisations are private organisations that do not exist primarily to generate profits and this differentiates them from the other component of the private sector - private businesses.
- **Self-governing/independent:** i.e., equipped to control their own activities. third sector organization have their own internal procedures for governance and are not controlled by outside entities belonging to the public or to the commercial sector. A criteria to verify independence of third sector organization could be the composition of the executive board: if the outside members prevail (in number or power) on the internal ones, the third sector organization is excluded.
- **Voluntary to some significant extent:** i.e., involving some meaningful degree of voluntary participation, either in the actual conduct of the agency activities or in the management of its affairs. This does not mean that the all or most of the income of an organisation must come from voluntary contributions or that most of its staff must be volunteers».
- **Non-religious and non-political:** i.e., not primarily involved in the promotion of religious worship or religious education and in direct political activities, like promoting candidates for elected offices. Religious and political affiliated non-profit organisations, not directed involved in religious and political activities, are included (like Caritas, or research centre of a political party, formally separated).

The structural-operational definition has the advantage «(to) broaden the focus on of attention by making it clear that there is a much wider array of organisations» (Salamon and Anheier, 1997, p. 38). It also enables «the examination of a wide assortment of characteristics and features» as well as «focused attention on particular subjects of the non-profit sector that are of particular interest» (Salamon and Anheier, 1997).

The structural-operational definition has also some disadvantages. Salamon and Anheier presented it. «The structural-operational criteria are difficult to apply with precision». (p. 38) Moreover, «the structural-operational definition is not without its troubling ‚borderline cases'« (p. 39). In fact, it is not so easy to clarify the borders with the other sectors. All in all, Salamon and Anheier give a positive judgement on the definition because it «seems to offer the most advantages and the fewest disadvantages, particularly for cross-national work. It makes it possible to define the non-profit sector empirically without separately investigating every organisation. It embraces within the sector a broad array of relevant organisations without opening it to every type of organised or unorganised entity it exists. And it makes it possible to generate hypotheses about the relationship between this sector and the other components of social and economic life«.

3.1.5 Structural-Functional Definition

Besides its advantages, the structural-operational definition has also the consequence that this definition of non-profit organisation covers a very wide spectrum. Within this definition are included also so called *mutual benefit* organisations, which are active to defend the interests of the members (such as trade unions, business and professional organisations, etc.).

Examples for such kinds of organisations are in Germany the ADAC (German Automobile Club), the Church foundations, Chambers of Commerce, exclusive Sport-Clubs. In other words, all these non-profit organisations, which are formally under the structural-operational definition but whose objective is to provide social and material benefits to their members only.

The key-question of the NETS-research is the employment potential in the third sector. Such kind of organisations, that aim to improve the members' welfare, do not play any role in this sense (an exception could be represented by the unemployment organisations). For our research it is important to choose organisations that not only present the structural characteristics of nonprofit organizations but also the functional element of «social utility».

In their study «The Voluntary Sector in the UK» Kendall and Knapp noticed that the structural-operational definition of the Johns Hopkins University lacks a functional criterion which is fundamental for the British non-profit sector. It is «the requirement that organisations should be 'other-regarding', 'altruistic' or operate for 'the public benefit' to be included as part of the voluntary sector - one interpretation of which is an important element in the legal definition of 'charity'«. (Kendall / Knapp, 1996, p. 18f.)

In other words, the structural-operational definition of third sector includes thousands of nonprofit organizations but it does not enable any differentiation between the mutual benefit and the public benefit organisations. As for the NETS project the second type of organisations are more significant, it will be included also the criterion of «social utility» .

Besides the criteria adopted in the Johns Hopkins research, we suggest to add two other criteria to qualify a third sector organization:

- **social utility**: Third sector organizations are engaged in activities of social solidarity and working for social promotion. Third sector organizations are involved in public benefit activities, that is, in activities whose benefits are addressed to the entire community and not only to the participants of the organisation (such as day care for the children, elderly care, environmental activities, etc.). To define the meaning of the expression «social utility« is not easy. We propose, according to the recent Italian regulation on the Onlus (non-profit organisations of social utility), to define this concept regarding the activities provided and the categories of subjects involved in by the organisation. Social utility activities are: social and sanitary assistance; charity; education; training; amateur sport; safeguard, promotion and valorisation of artistic and historical places; safeguard and valorisation of environment; promotion of culture and art; defence of civil rights; scientific research having a relevant social interest. The subjects and the beneficiaries of the activities of Third sector organizations should be different from the members of the organisations. B. Gui (1991) proposes to distinguish between *mutual benefit* nonprofit organizations, when the beneficiaries of the activities are the members of the organisation, and *public benefit* nonprofit organizations, where the beneficiaries of the activities are not the members. Only the latter ones can be considered true Third sector organizations. *Mutual benefit* organisations (such as co-operatives, mutual societies, etc.) can be considered Third sector organizations only when they provide activities for and with disadvantaged people (e. g. ex-drug addicts, ex-jailed people, handicapped, etc.), likewise the Italian social co-operatives.
- **democracy**: Third sector organizations should have a democratic structure. This implies at least the eligibility of the executive board and the reality of the membership. Every member, as the Italian regulation on Onlus specifies, must have the right to vote for approving and modifying the statute and the internal regulations to elect the executive board of the organisation.

In the following table the structural-operational definition of the Johns Hopkins research and the structural-functional definition of the NETS-project will be compared.

JHCNPS	NETS
1. organised	1. formal structure
2. private	2. private status
3. non-profit-distributing	3. non-profit-distributing
4. self-governing	4. self-governing
5. voluntary	5. significant presence of volunteers
6. non religious and non political	6. non religious and non political
	7. social utility
	8. democratic structure

3.2 Reviewing present policies affecting the third sector in Germany, Italy and Spain

An analysis of policies has been conducted starting from the legal treatment of the third sector in each country. The following table tries to compare the common (European) and the particular (national) legal forms in the third sector. It is clear that the common legal forms are not identical in the different countries.

	GERMANY	ITALY	SPAIN
Common legal forms	Registered associations (*eingetragene Vereine - e.V.)*	Voluntary organisations (law 266/91)	Associations (including corporations, law 191/64)
	Not registered associations	Associations (registered and not registered)	
	Co-operatives (*Genossenschaften*)		Co-operatives (law of co-operatives, 1987)
	Private law foundations	Foundations	Foundations (law of foundations, 1994)
Special legal forms	Limited liability societies (*gmbh*)	Social co-operatives (law 381/91; 59/92)	Insurance mutual organisations (law 33/1984)
	Stock companies (*AG*)	Non-governmental organisations (law 49/1987)	Mutual guarantee companies (saving banks, law 31/1985)
	Public law foundations	Banking foundations (law 218/90)	Labour corporations (law of 1997)
		IPAB Onlus (law 460/1997)	Farm partnership

This step has highlighted the deep institutional differences among the three countries. After having reviewed and compared how third sector organizations are regulated, the analysis has been focusing on the policies affecting those fields of activities where the third sector is present at the most: welfare services, environment, culture, etc. Then specific attention has been paid to labour and employment polices in general and for what concerns their connections with nonprofit activities.

A general consideration concerns the “stages” of regulation, correspondent to the three countries, emerged from the study: while the German framework seems to be the most complex and consolidated, contributing to draw the most developed and steady third sector of the three countries, Italy and Spain are marked by a rather heterogeneous and dynamic set of laws and measures which testifies on the one hand the phase of strong and accelerated development of the nonprofit sector, on the other hand the lack of long-term policies, at least in the 90s.

A detailed review of the results is presented in the Working paper number 2 (see the annexes).

3.3 The survey

The analysis of the survey results enabled to capture an interesting and updated profile of the third sector in Italy, Germany and Spain, providing important information also about the set of alternative national and European policies to be taken into account for the promotion of the employment in the third sector.

The analysis of the needed policies by sector of activities confirms the different orientation of "heavy" third sector organizations, active in the fields of health and welfare services, supported by a large amount of public resources and employing a number of workers, and the "light" ones, getting lower public funds, employing less people but presenting the most interesting dynamics and active in the more innovative fields. The first ones ask for policies able to reduce labour costs and to transform a latent demand in a paying one; the latter are oriented to more "original" policies allowing a better access to services and infrastructures, facilities for credit, and specific labour contracts. The second group of organisations belongs to the "social" typology more than to the “entrepreneurial” one.

A methodological note is available in the annexes, concerning qualitative and quantitative indicators built for the analysis.

3.3.1 Germany

In Germany in July 1998 the questionnaire was sent out to 622 organisations in the whole Federal Republic. Yet, a respite until mid of September was allowed for, necessary esp. because of summer holidays. Totally *243 questionnaires* with usable responses reached us. This corresponds to an *answering rate* of about *39%*. Regarding the *regional distribution* 31.6% of the received valid questionnaires come from the Eastern States and 68.3% from West Germany.

This distribution means that East German organisations are a bit oversampled as intended, in order to receive enough cases.[1] Most of the organisations (40%) have been founded in the period of the Weimar Republic (1919-1932). 16% of the organisations were founded in the period of the *new social movements* (1980-89) and 15% in the first years after the German unification (1990-95). Interesting is also the long history of some responding organisations, reaching back to the 15^{th} century.

The distribution of the number of members is scattered: between no members (foundations) and 600.000 (association). Nevertheless, the majority of organisations is relatively small, the median value is 32. One third of the respondents has between 16 and 50 members;

[1] With regard to the distribution of the German population (21.5% East, 78.5% West).

15% only have between 1 and 15 members. 18% of the sample are big, having more than 200 members.

The gender relation of individual members is balanced equally (50:50). Yet, there are some organisations (8.6%) with only female members, being projects for women. Generally, the distribution of legal forms corresponds to the proportions of the sample. About three quarters (74%) of organisations have the legal status of associations, nearly all with legal personality (officially registered). Approximately according to our sample 14% of the respondents are foundations, either by private law (8%) or by public law (6%). The other two reported legal forms, co-operatives and limited companies, are represented only in a low percentage: each with approx. 4% of the sample.

The distribution among the macroareas of activities seems to be approx. corresponding to the estimated real structure of the German Third Sector. About one third of the organisations are mainly active in the welfare sector (31.8%), summarising the fields “personal, community and social services”, “support & mediation”, and “building & housing”.
Another important result shows that most organisations (64%) are active in more than one field.

Table 1: Distribution of legal forms among macro-areas (valid percent)

	Association	Cooperative	Ltd. company	Priv. foundation	Publ. foundation
Welfare	31.0	60.0	11.1	27.8	42.9
Health	9.2	0	22.2	5.6	28.6
Culture	32.2	0	33.3	22.2	7.1
Advocacy	12.6	40.0	0	5.6	0
Education	14.9	0	33.3	38.9	21.4
Total	100%	100%	100%	100%	100%

Source: NETS (1998/99)

As mentioned in section 1 the *public benefit status* is characteristic for the German Third sector. The big majority (91%) of the sample has the legal "public benefit status" *(Gemeinnützigkeit)*. It is interesting to see that nearly no co-operative has reached the public benefit status (only one out of ten).[2] This is an important detail emphasising our criticism against the legal framework for co-operatives which normally are not recognised as publicly useful, but as economically self-helping organisations. This means a clear disadvantage for this legal form.
Nearly all respondents (94%) are members of an organisational network: they reported to be either a member of an umbrella organisation (56%), a federation (25%) or a network (12%). Only the option 'consortium' has rarely been answered (2%), being not so common in the German third sector.

Economic features

The *amount* of the organisations' *budget* had to be classified into 10 categories, from 6,250 Euro to over 5 million Euro. The average budget is relatively low: the mean is approx. 200,000 Euro, the estimated central value 187,500 Euro. According to the quartiles as limit values the distribution is the following: up to 30,000 Euro: 28%; 30,001 - 250,000: 32%; 250,001 - 1.5 mill.:27%; 1.5 mill - over 5 mill.:14%

Associations more often have lower budgets than the other legal forms, rarely they are found in the two high budget classes. The estimated median value is 92,500 Euro, the one of all other legal forms is more than 10 times as much (1 mill). Ltd. companies and public foundations

[2] The other 13 organisations without public benefit status are mainly associations (8). While 89% of the cooperatives in the sample do not have this status, only 4.5% of the associations, 22% of the limited companies, and 14% of the foundations do not enjoy this privilege.

have the highest budgets, mostly managing budgets over 1,5 million Euro. Co-operatives and private foundations show a similar structure, though there are more private foundations with low budgets up to 30,000 Euro. These findings can be explained by different objectives of the legal forms.

Table 2: Distribution of legal forms among budget classes (valid percent)

	up to 30,000 Eur	**30,001-250,000**	**250,001-1.5 mill**	**>1.5 - over 5 mill**
Associations	32.3	36.5	22.2	9.0
Co-operatives	0	22.2	55.6	22.2
Ltd. companies	12.5	12.5	25.0	50.0
Priv. foundation	13.3	13.3	53.3	20.0
Publ. foundation	0	16.7	33.3	50.0

Source: NETS (1998/99)

Regarding the distribution of *budget classes* among the *macro-areas* we could observe that the lowest budget classes were found in the "culture/leisure" area (median 37,500 Eur), followed by the "advocacy" area (median 60,000 Eur). The highest median values were found in the "education" branch (385,000 Eur) while organisations in the "welfare" were in between (275,000 Eur), being higher than in the "health" field (120,000 Eur).

The composition of the organisation's budget shows on the average that there are two big groups of organisations: one mainly publicly financed, and one mainly privately financed.
The *mean percentage values* of the main categories are:[3] public grants: 39.5% of the budget; public funds: 7.3%; private donations 36.5%; sales 11.5%property income 3.8%; other sources 0.8%; approx. *100%*. The composition of the *private donations* show two dominating forms (mean values of proportions of total private donations): membership fees (35%) and individual donations (21%). Only a minority of organisations received other private revenues (between 18-30%), and sponsoring had an average proportion of 9% of all private donations.
The distribution of "financial orientations" in the whole sample is as follows:

State-oriented	48.4%
Private-oriented	34.0%
Market-oriented	6.5%
Mixed	11.2%

The state-oriented group obviously is bigger than the private-oriented one - consequence of the specific German welfare system. To make it even more evident we accomplished the analysis by building categories of prevailing financial sources, *predominating the budget of the organisation by at least 75%*. More than three quarters of the respondents (78%) show such dominating revenue forms. Of these 168 organisations more than the half (51%; 40% of all respondents) were dominated by public grants and funds. In 42% of the cases (33% of all respondents) private donations dominated. Only in 11 organisations (6.5%) income from sales were the major financial resource.

In order to make the dependencies on the various income sources clearer the variable of "financial orientation" was cross-analysed with the amount of budget. The majority of lowest budget organisations are "private-oriented"(68%), 16% "state-oriented", 10% is "mixed". About the half of the second budget class (30,001-250,000) is "state-oriented", nearly one third (29.6%)

[3] There were five classified main sources of income: public grants, public funds, private donations, sales of goods and services and property income. The respondents should give the approx. percentage of the single revenue's proportion of the budget. The category "private donations" was further split into six subclasses.

is “private-oriented”, 11% “mixed”. Of the third budget class (250,001-1.5 mill.) two thirds are “state-oriented”, 14% “private-oriented” and 12% are “mixed”. In the highest budget class also two thirds are “state-oriented”, 15% are “mixed” and 11% “market-oriented”. These findings emphasize the earlier mentioned results.

As expected the *main revenue sources* differ according to the legal form of the organisations. On the average associations gain nearly half of their budget from public grants (45%), 40% from private donations and about 8% from sales; co-operatives finance themselves mainly by sales, on the average 58% of the budget is earned by this source; even for the more market-oriented legal form of limited companies public grants are mostly the major revenue form; the financial mixture of foundations is very much influenced by their legal constitution as public or private law foundation (following are the mean values): while private foundations are mainly financed by private donations (33.3%), for public foundations public grants are the major source of income (33.8%).

These findings about the financial orientation of the different legal forms confirm the previously mentioned results. Two macro-areas are mostly financed by public grants on average: the “welfare” (50.3%) and the “education” (61.5%) sector. Secondly rank private donations (approx. 20% on average). In the “welfare” organisations also public funds are worth mentioning (12.5%), while in the “educational” area income from sales or property are relevant (7% each). On the contrary, organisations in the “culture/leisure" field finance themselves mainly by private donations (61.3%).

Structure of Expenses

As expected the human resources costs predominate the expenses. The median (central) values clearly show this: they amount 60%, while only 30% are spent on variable assets. The central value of financial costs is 0.

The distribution shows that on the one hand 19.4% recorded not to spend any money on *personnel* (1997), while for 45% these costs amounted to more than two thirds of their whole expenditure. With regard to the *variable costs* they make up to 30% of the expenditure for nearly the half of the sample (46%). But approx. a quarter of the respondents (23%) gave between 80 and 100% of their payment for variable costs. Only for 17% financial costs arose, mostly between one and sixteen percent of the expenses.

The comparison between the expenses structure in *1995 and 1997* brought little evidence of any variation. Though the proportion of the labour costs slightly rised (from the median value of 53.5 to 60%) this development is mainly due to the fact of higher missing rates in the 1995-answers.[4] The median value for variable and financial costs remained exactly the same. Also the distribution did not change significantly.

Table 3: Structure of expenses (1997) and macro-areas of activities

	Human resources costs	Variable assets	Financial costs
Welfare	60.6	33.3	4.0
Health	50.3	46.6	0.5
Education	65.3	26.4	1.3
Culture	29.2	61.2	2.9
Advocacy	24.2	67.5	4.6

Source: NETS (1998/99)

[4] 38% of those organisations not answering the question about their expenses 1995 had employees in that year, partly of considerable amount.

According to their opposite degree of professionalization there are roughly two big groups, one predominated by human resources costs (welfare, education, health) and one predominated by variable costs (culture, advocacy).
The answering organisations mostly gave information about the *actual* usage of surplus (45%). Apparently the *actually gained* surplus is used for building up reserves (41% of all answers). It can be assumed that at least in low budget organisations these financial reserves are of little amount, serving for future risks or, possibly, future investments of higher extent. A quarter of the respondents spends their surplus on the increase of quality and/or quantity of services and goods of their organisations. Investments in the organisations' human resources like employment or training activities were mentioned by only 16.7%, composed mainly of answers for the latter.[5] This is probably due to the disproportion of available surplus on the one hand and the necessary capital for new jobs on the other.

The Employment[6]

Generally, nearly three quarters of the sample have paid personnel either in full-time, part-time or in temporary form. In 1997 the total labour force active in the organisations of the sample were about 9,000 persons. This number has nearly been constant since 1995, including all cases. Excluding extreme values there was a slight increase of 3.8%.

The *structure* of the labour force is predominated by full-time employment, though compared with the whole economy the share of part-time is rather high. In 1997 53.6% of the workers in the sample were full-time employed, 25.8% part-time and 20.6% on temporary basis.

The *distribution* of paid personnel is much scattered. On the one hand the answering organisations had on the average approx. 20 full-time, 10 part-time and 8 temporary employees. On the other hand 50% of the organisations only had one full-time employee and no part-time or temporary worker. The median values of only those organisations with paid personnel are 3 full-time, 1 part-time and 2 temporary workers. This scattered distribution is explained by the fact that eight organisations of the sample (3.3%) employ 60% of the total labour force of the sample, in absolute numbers 5389 workers! Obviously these extremely big organisations, active in the field of health care or job creation[7], with high labour force distort the result.

Table 4: Dynamics of employment 1995-1997 (valid percent)

	Full-time work	Part-time work	Temporary work	Total
Increase	24.7	18.8	22.9	34.1
Stable	60.1	71.6	67.8	48.6
Decrease	15.2	9.6	9.3	17.3
Total	100.0	100.0	100.0	100.0

Source: NETS (1998/99)

Generally, in half of the sample employment was stagnating, about one third had an increase in the number of paid workers, and 17% a decrease. Looking at the structure of employment it is important to distinguish between the casewise view and the view on the total of workers. As the table above shows in the casewise view full-time employment has changed more than the other forms, with apparantly higher values of both increasing and decreasing numbers of workers in

[5] 11.7% mentioned training activities as application of surplus, 5% employment of new personnel.
[6] For political reasons in the German survey the respondents were only questioned about paid personnel, not about voluntary staff. For details see Final German Country Report.
[7] Four of these organisations work in West, four in East Germany.

the individual organisations than part-time and temporary employees. Yet, looking at the total numbers of workers in the whole sample it becomes clear that the slight increase of paid personnel (plus 3.8%) is due to an increase only of part-time and temporary workers. The number of part-time employees has increased by 6%, the number of temporary employees even by 11%, whereas the number of full-time employment remained stable. Consequently, from 1995-97 the structure of employment has changed slightly to a bit more part-time and temporary work.

Table 5 Gender composition of labour force

	Female workers	**Male workers**
Full-time employment	50	61
Part-time employment	31	15
Temporary employment	19	24
Total	100	100

Source: NETS (1998/99)

The female proportion of the total labour force was 69%, thus confirming other empirical data about the German third sector. The number of female workers was stagnating or slightly increasing when excluding extreme values. As table 11 shows female employees work more as part-time or temporary workers than the male employees. The slightly higher proportion of male temporary work is probably due to specific labour forms in male dominated fields of activity like sports.

The tendency of a higher flexibility index of female work has been emphasized by the shift from full-time to part-time and temporary employment in the course of time. While male full-time employment increased, and male temporary workers decreased, the changes in the female employment was the opposite: Female full-time employment decreased further while temporary employment increased. In other words: The trend towards more irregular and part-time work was exclusively caused by the female workers, while the male labour force showed the opposite tendency.

Employment in the German Third Sector depends to a great extent on public job promotion schemes. In 1997 38% of the regular employees (full- and part-time) were financed by public job promotion programmes, more extreme with 54% in East Germany (versus 24% in West Germany) since active employment policies have been concentrated on the new German states. The most problematic aspect of this fact is the great fluctuation of the amount of money in these programmes as well as of the individual workers due to short-term contracts. The total number of employees financed by these programmes totally decreased by 12% (1995-97), in East Germany the decrease was 25% while in West Germany it grew by 41%.

On average nearly two thirds of the employees are in the middle ages between 31 and 50 years (63%). 17% are younger than 31 years, 18% are older than 50 years, while in the youngest and the oldest group only very few employees are found (below 20 and over 65 each 1%). The average mode value is the group between 31 and 40 years (38%). This average age structure is younger than the average employed population.

We can say that the majority of the answering organisations seems to be professional in the central fields of management, administration and their specific field of activity. Nevertheless, some skills should be further developed, especially the acquisition of financial (fund-raising) and human resources (volunteers), and public relation on the one hand and more technical skills in the field of new media and computer on the other. The first ones clearly would require more communication proficiency in the Third sector.

Another interesting result emerged in respect to the different general *trends of employment*, The most positive trend in the sense of increasing employment was observed among co-operatives. Half of the co-operative organisations had an increasing labour force, only 20% lost workers. In associations the highest stagnating rate of employment was registered (50%), but at the same time the lowest number of cases with a negative trend (15%). A rather high proportion of organisations with stable employment also was found among private foundations (42%). These were at the same time the entities with the lowest rates of increasing labour force (26%). With regard to ltd. companies an exact balance between increasing, decreasing and stable employment was observed (each 33%). So, within ltd. companies and co-operatives the most dynamic development of employment has taken place, being more positive in the co-operative organisations.

Regarding the *development of the totals* of workers in the subsamples public foundations had the highest increase of employment (+7.6%), followed by co-operatives (+4.8%) and associations (+3.1% without extremes). The groups of limited companies and private foundations had nearly stable numbers of workers (+0.9% resp. 0%).

Table 6: Distribution of labour among macro-areas of activity

	% of Total Labour	**% of Sample**
Welfare	35.9	31.8
Health	30.2	10.2
Education	24.4	17.4
Culture/Leisure	7.1	29.2
Advocacy	2.4	11.4
Total	100.0	100.0

Source: NETS (1998/99)

The macro-area of "health" is strongly over-represented in the total labour force. Also the educational field has a bigger share of paid personnel than its corresponding proportion of the sample. On the contrary, the macro-areas "culture/leisure" and "advocacy" employ much less paid personnel than the other sectors. In some individual fields of activity the majority of third sector organization work exclusively without paid personnel, namely in "cultural heritage", "environment", "communication/media", and "sports".

With regard to the *trends of employment* those macro-areas with low labour force (culture/leisure, advocacy) show the highest stagnation while the area education shows the most increasing labour force. The most negative trend was observed in the welfare branch though also here many of the third sector organization had increasing employment.

Summing up, one could assume some hidden employment potential in the areas of "culture/leisure" and "advocacy" activities on the one hand. On the other, the traditional Third sector field of "welfare" partly seems to be threatened of employment losses.

As everybody knows, the general employment situation in West and East Germany is very different - extremely high unemployment rates, still no functioning economic structure promising better prospects and great dependence on large scale public job promotion schemes in the eastern part. The situation in the Third sector of East Germany is much influenced by these facts. In East Germany more organisations are working with paid personnel (82%) than in the West (71%). This is due to the different structure of the third sector in both parts of the country - less traditional voluntary organisations, greater proportions of public job promotion schemes in the East. The general *trend of employment* was opposite in East and West (1995 to 1997): While the totals of paid personnel decreased by 5% in East, it grew in West Germany by 9.4%. Also the balances of workers in organisations of East and West Germany show this: Much more organisations in the eastern part lost personnel (27.6%) compared to the western neighbours (12.8%). Nevertheless, a bit more East German entities noticed growing employment (35.5%) than in the West (33.5%). So, generally there were more dynamics in East German third sector organization than in West German ones.

In 1995 the big majority of paid personnel in the East worked on a full-time basis (67%), while in the West these were roughly the half of all workers (48%). On the other hand, little temporary employment was recorded in the East (9%), playing an important role in the other part (26%). This structure changed slightly towards more part-time employment in East Germany (from 23.8 to 26.9%) at the expense of full-time employment (to 63.9%).

While the general *gender relation* of employees is the same in East and West (69% females), the relation concerning the working hours is different (1997): Men work more part-time in East Germany than in West G. (27.1% East, 12.9% West), but less frequently on a temporary basis (28.4% East, 36.9% West). Yet, in the course of time (1995-97) a tendency of more male full-time employment and less part-time or temporary work of men has taken place in both parts of the country. So, the general shift from full-time to part-time and temporary work is mainly carried out by female workers in East and West Germany, despite of the different singular structures in both parts.

The amount of budget determines the number of employees, also regarding the working hours, to a great extent - linear correlations were found. Organisations with low budgets cannot afford to employ paid personnel, at least not in a considerable number. In contrast, those entities with the highest budgets work with a lot of staff.

Over 90% of those organisations without full-time personnel belong to the two “lower” budget classes. Over 80% of those entities contracting between 6 and 15 full-time workers belong to the two “higher” budget classes, and the bigger third sector organization belong all to this subgroup.

Even with regard to part-time and temporary employment the same structure could be observed, though with a less extreme distribution among the budget classes. This result was not necessarily to expect. It seems that “low” budget organisations cannot afford to - or do not want to - employ any paid personnel, no matter how much it costs or at which working time.

Generally, low budget organisations are less dynamic with regard to employment than high budget entities. Thus, 85% of those respondents without any variation of paid personnel between 1995 and 1997 are “low” budget organisations. However, and this seems to be a rather pessimistic result, those third sector organization with increasing employment in that period are mostly “high” budget organisations (66%). On the other hand, the subgroup with decreasing employment nearly is balanced between “low” and “high” budget organisations.

These findings mean that organisations with a low budget not only have less employment and less paid working time for their activities, but also less opportunities - or less demand! - to change this situation in an expanding direction. On the contrary, organisations with more financial resources clearly have a positive employment trend. The reasons for this situation probably are of multiple origin: On the one hand, many small size and low budget third sector organization want to work on a strictly voluntary basis and do not wish to employ any paid personnel. On the other hand, there are, of course, organisations which would like to pay some of their volunteers if their budget allowed so. But as it affords a lot of time and professional skills to enhance the financial basis, these organisations often remain in an undercapitalised and “under-professionalised” status.

Clear statistical correlations were found between the existence of paid personnel and particularly the proportions of public grants and private donations on the budget. Organisations employing paid personnel generally receive more public grants while third sector organization without employees are financed mostly by private donations. This result can be proved by the mean values as well as by the exact distribution of public grants among the two groups in the sample. On the average, the "employing" third sector organization finance half of their budget by public grants (49.5% mean), in contrast to the exclusively voluntarily working organisations which finance themselves only to less than 10% (9.4% mean) by this source of income. But also the average proportion of private donations differs between the two groups. Organisations with paid personnel acquire about one fifth of their budget by private donations while strictly voluntary organisations depend very much on this source (80% mean value). Solely in respect to the share of sales' income on the accounts no significant connection could be observed, being quite low in most of the sample.[8] Another interesting result was that professionalised organisations use more diversified sources of revenues than exclusively voluntarily working third sector organization. Some revenue forms did almost not occur in third sector organization without paid personnel, namely public funds and foundation's grants. The exclusively voluntary organisations live on the average mostly on membership fees (60% of private revenues) and individual donations (21% of private rev.), accomplished by a small proportion of public grants and sales' income.

Table 7: Financial orientation and labour (1997; all paid personnel)

	Mean values of workers	**Median values of workers**	**Share of total labour force in the sample**
State-oriented	64	10	73.4%
Market-oriented	40	7	7.7%
Mixed	26	3	6%
Private-oriented	5	0	4%

Source: NETS (1998/99)

Not surprisingly, the statistical correlations between the financial orientation and the totals of employees are highly significant. This result shows a clear overweight of "state-oriented" third sector organization regarding employment on the one hand, and an underweight esp. of "private-oriented" organisations on the other.

Regarding the composition of revenues and its impact on budget, macro-areas and labour we conclude: The lower the budget the more predominate private sources of income as main revenue of the organisation. Low budget organisations are likely not to employ any paid personnel and to work in the macro-areas of "culture/leisure", secondly in "advocacy" or the welfare and health area. All of them are legally constituted as associations. Stagnation of the voluntary status without paid personnel is very probable. The higher the budget the more predominate public sources of income as main revenue of the organisation while some other forms of revenue are present, too. The high budget organisations mostly work in the areas of "welfare" or "education" and have a rather high level of paid labour with - at least in the past - increasing trend of employment. The legal constitution of these organisations is more mixed while the associational form is - typically for the German third sector - the predominant one. Generally, the labour size mostly depend on the amount of budget, the "financial orientation" and the main field of activity of the organizations.

Asked Policies

Four questions in the questionnaire were concerned with policies: one asking about the most important policies for the development of the organization, two about the impact of certain policies for the present and future employment of the organization and one question on general

[8] Mean values: third sector organization with personnel 13.2%, third sector organization without personnel 6.5%

policies. Excluding the latter, the three other questions had 13 identical answer categories. In the first question (regarding the development of the organizations) two more options were offered: the assessment of the policies already existing and those which should be further developed. Moreover, with regard to the assessment of policies for the present and future employment six grades of importance could be chosen.

Generally, all policy questions had high rates of missing answers due to the form and position of the questions in the questionnaire on the one hand and - very probably - to the little relevance of the subjects for a certain group of the sample on the other: Voluntary organizations without paid personnel, particularly those working in the field of recreation, were not inclined to respond to the political part of the questionnaire.[9] Some of them even wrote down comments declaring that they were not interested in creating new jobs and therefore would not answer.

The lowest missing rate received the first question (policies for the development of the organization; average 13.2% missings), the highest rate was observed for the question of desired policies for future employment (average 41.6% missings). This result could be interpreted in at least two ways:

a) the organizations not answering to the questions simply were not interested in the subjects and estimated them as irrelevant to their organizational (and political) life;

b) the proposed policies in the questionnaire did not meet the real demands of the organizations, either because of our specific formulating or due to the real irrelevance of these political instruments to the Third sector. The latter could mean that there is indeed a demand of certain (new) policies, but the proposed alternatives did not satisfy the claims.

Benefits as a nonprofit-organization regarding donations, labour costs or tax relieves were mentioned as the most important ***existing*** policies for the development of the organization. They received about 30% of the answers.[10] Of some relevance also was the category “improvement of vocational and further training”, receiving 18.5% of the answers. Around 10% obtained the policies “lower cost access to communication services, office and meeting space, and other facilities”, as well as “expansion of public demand”. The following other five categories only were chosen on a very small scale (below 9%): “specific labour contracts for Third sector employees”, “leaves from job to work in Third sector activities”, “incentives for hiring workers”, “facilities for credit”, “tax deductibility for customers”. This finding is easy to understand since most of these options actually are not yet existent and therefore cannot have an impact on the present situation of organizations.

With regard to the most important ***desired*** policies[11] for the development of the organization we obtained different results: A high majority of 47% chose the policy of “lower cost access to communication services”. Next came the same two answers as mentioned above, the “benefits as a nonprofit organization regarding labour costs” and those benefits regarding donations (37% resp. 33%). Between 27% and 22% received as desirable policies “improvement for vocational training”, “leaves from job”, “expansion of public demand” and “tax deductibility for customers”[12]. Only between 18.5% and 15% of the cases decided for “specific labour contracts”, “facilities for credit”, “incentives for hiring workers” and “benefits as nonprofit organization regarding tax relieves”.

So, the least frequent answers of both “actual” and “desired” policies are nearly corresponding which means that this finding cannot be (only) due to the fact that most of these options do not yet exist. One problem in this respect, of course, is the reduction of quite complex

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[9] See bivariate analysis.

[10] The percentages are including the missing cases. This question was answered by 211 cases (=87% of sample).

[11] The exact formulation in the questionnaire was “policies which should be developed“.

[12] In descending order of frequencies.

themes to abbreviated answer categories without any further explanation. Options not fully clear to the respondents are very probably chosen more rarely than well-understood ones.

The most frequent “desired” policy of “lower cost access to communication services, office and meeting space and other facilities” could point at some financial problems particularly for small and low budget organizations. But also for bigger entities especially modern means of communication like internet access might be still not easy to establish. Whether there are such correlations with the size or budget of the respondents must show the bivariate analysis.

Policies and Employment

In the two questions regarding the impact of policies on employment growth the respondents could assess the different policies with six grades of importance. In the analysis we summarized these grades to three classes in order to be comparable to the results of our research partners.

Firstly, the answers to the *presently* as relevant assessed policies for employment growth in the organization are described.[13] The most frequent answers regarding the *most important*[14] policies in this respect were “benefits regarding labour costs” (51%) respectively those regarding donations (35%), “expansion of public demand” and “lower cost access for communication services” (both 33%). Between 30 and 20% received the answers “benefits regarding tax relieves”, “improvement of vocational training” and “incentives for hiring workers”[15]. These findings approximately correspond to the most frequent answers to the question regarding the development of the organization (see 2.4.1.).

As *moderately important*[16] for the employment growth several policies were qualified, while the medium grades generally were less frequently chosen (between 21 and 18%)[17]: “Lower cost access to communication services”, “tax deductibility for customers”, “improvement of vocational training”, “facilities for credit”, “incentives for hiring workers”.

As *not important*[18] policies were the following answers mentioned (frequencies between 24 and 18% of the sample)[19]: “facilities for credit”, “leaves from job”, “tax deductibility for customers”, “further fiscal benefits for the organization” - the first three answers being again measures not yet existing as institutionalized policies.

Since this question refers to existing employment in the organization another analysis of only those respondents with paid personnel was carried out.[20] The summarized results in form of rank orders of the most frequent answers are shown:

Three most *important* present policies for employment growth:

1. Benefits as a nonprofit organization regarding labour costs (64%),
2. The expansion of the public demand (43%),
3. Benefits as a nonprofit organization regarding donations (39%).

Three most frequent *moderately* important present policies for employment growth:

1. Tax deductibility for customers (25%),
2. Improvement of vocational training / Lower cost access to communication (each 24%),
3. Facilities for credit / Incentives for hiring workers / Specific labour contracts (each 23%).

Three most *unimportant* present policies for employment growth:

1. Facilities for credit (28%),

[13] The results are derived from average 156 valid cases (depending on variable) which are 64% of the whole sample.
[14] Grade 1 and 2
[15] In descending order of frequencies.
[16] Grade 3 and 4
[17] In descending order of frequencies.
[18] Grade 5 and 6
[19] In descending order of frequencies.
[20] The results are derived from average 121 valid cases which are 49.9% of the whole sample.

2. Leaves from job (25%),
3. Tax deductibility for customers (23%).

Comparing these findings with those of the whole sample nearly no differences in the assessment of policies can be observed.

With regard to future Third sector policies the question of the *desired* policies for future employment in the organization is most relevant. At first all valid cases are regarded, both with and without paid personnel.[21] Four policies received a relevant number of answers as *most important* for future employment: "benefits regarding labour costs" (51%), "benefits regarding donations" (35%), "lower cost access to communication services" (32%), "expansion of public demand" (31%). Between 25 and 20% three other policies were mentioned:[22] "incentives for hiring workers", "benefits regarding tax relieves" and "improvement of vocational training".

As only *moderately important* were assessed - again receiving little numbers of frequencies (between 18 and 14%): "improvement of vocational training", "tax deductibility for customers", "facilities for credit", "lower cost access to communication services", "specific labour contracts" and "leaves from job".

Nearly the same policies as noted before were qualified as *unimportant* (between 19 and 14%): "facilities for credit", "specific labour contracts", "tax deductibility for customers".

Again the answers to this question were furthermore analysed with regard to only those organizations with paid personnel.[23] The rank order of the most frequent answers are shown:

Three most *important* future policies for employment growth:

1. Benefits as a nonprofit organisation regarding labour costs (63%),
2. Benefits as a nonprofit organisation regarding donations (42%),
3. Expansion of public demand (41%).

Three most frequent *moderately* important future policies:

1. Tax deductibility for customers (22%),
2. Improvement of vocational and further training (21%),
3. Facilities for credit (19%).

Three most *unimportant* future policies:

1. Facilities for credit (22%),
2. Specific labour contracts (21%),
3. Leaves from job to work in third sector activities (20%).

Again, no significant differences between the answers of organizations with paid personnel or those of the whole sample can be observed. Only the policy of "lower cost access to communication services" seems to be slightly higher estimated in the whole sample, possibly due to better equipment in more professionalized organizations.

In conclusion of all these results concerning policies a certain tendency can be noticed: The majority of answering organizations seems to direct their political demands to the government, claiming more financial backing in form of benefits, the expansion of public demand and public support regarding technical equipment. On the contrary, those policies not yet common or well-known and not directly involving the government as major responsible actor are clearly more rarely demanded. Thus more "innovative" organisational elements like "leaves from the job" or "tax deductibility for customers" did not get much response. This answering pattern reflects the specific German "culture" of the Third sector, being formed by the principle of subsidiarity and the inherent privileges of non-profit organizations.

[21] The results are derived from average 152 valid cases which are 62.6% of the whole sample.
[22] In descending order of frequencies.
[23] The results are derived from average 182 valid cases which are 74.9% of the whole sample.

3.3.2 Italy

For the NETS survey, a sample of 1.000 organisations has been investigated. The 240 analysed organisations are distributed as follows, in accordance to both structural variables used for the construction of the sample (legal typology and geographic area):

Table.1 Sample ex-post composition and the differences from the "ideal" sample

	Geographic area							
Legal typology	*North*	Δ	*Central*	Δ	*South*	Δ	**Total**	Δ
Associations	31.70%	5.00	17.10%	- 1.40	15.80%	1.40	**64.60%**	**5.00**
Social cooperatives	9.95%	- 2.85	11.30%	- 5.80	9.15%	- 0.95	**30.40%**	**- 9.60**
Foundations	0.40%	0.20	0.80%	0.70	0.00%	- 0.10	**1.20%**	**0.80**
Other	1.70%	1.70	1.70%	1.70	0.40%	0.40	**3.80%**	**3.80**
Total	**43.75%**	**4.05**	**30.90%**	**- 4.80**	**25.35%**	**0.75**	**100.00%**	**-**

* the differences are expressed in percentage
Source: NETS (1998/99)

For what concerns the territorial distribution, a concentration of the observations in Northern Italy is justified by all the studies made until now: both the CGM data (1997) about the social co-operatives, and the IREF data about the social associations show a third sector's strong presence in Northern Italy (at least 50% in each case)[24].

As pointed out from other researches, the organisations recent age is confirmed. In fact, almost 70% of the sample has declared starting their activities after year 1980, and among these around 35% after 1990. The fastest acceleration is located in Southern Italy (around half of social enterprises was born after 1990); in Northern Italy, after a strong growth between 1980 and 1990, we noticed a stabilisation – however still on high levels of general growth -; while in Central Italy a negative rate of growth for the last decade can even be noticed, and in any case the only period with a positive balance was between 1950 and 1980.

All the institutions show to be growing, even though the case of the social co-operatives deserves a particular attention. As a matter of fact, this type of organisation has been established in 1991 with the law 381 and we could presume that they'd show up in the third sector only after that date. However, as noticed by many authors, law 381 has done nothing but reinforce a set of already consolidated experiences inside the co-operatives world and this also comes out from the NETS sample, in which almost 65% of the social co-operatives has begun its activity before 1990.

As we can observe in Tab. 1, some organisations are not included in the typical typology. The item "Other" however marginal, indicates a particular form that could create some difficulties in the results synthesis. Therefore, it's been subsequently decided to gather the data after a classification, which would consider the structure's origin, its mission, and thereafter to synthesise the differences in two main forms:

- *Social* typology: it includes the associations, the foundations (considered their meager importance in the sample) and all those structures similar to some form of association (for example: public assistance). This typology represents 67.4% of the sample;
- *Entrepreneurial* typology: includes the social co-operatives, the union formed by these and a few traditional cooperatives (the ones running fair-trade stores). This typology represents 32.6% of the sample.

[24] This fact makes the used sample in the IREF analysis poorly representative, since more than a half of the analyzed organisations are located in Southern Italy and the Islands. Obviously this doesn't affect in any way the validity and reliability of the results developed by the ACLI Institute, but they have to be recalled, when in the continuation, we'll compare them with those of the NETS.

In order to summarise the examined structure's degree of *complexity* two indicators were used: the number of seats and the development of networks (federations, unions, and the likes). An analysis of this aspect seems more relevant than the typical simple dimension analysis, which will be reported nonetheless.

The majority of the interviewed social enterprises (58%) have a sole seat but anyway they adhere at least to one network form. A negative correlation form between the two variables is also evident[25]: this can be explained through the study of the unit's strategic behaviour in consideration. It's like if, in front to their own activity programs, the organisations perceive a sort of trade-off between the two strategies: that of the gigantism (interior growth) and the so said "cutting" strategy, which affords to combine small dimensions with a bigger functionality (Mattioli, 1997; Lombardi, Messina, Polimanti, 1999). It's a matter of development strategies theories born from the world of social cooperation studies, also known as the "strawberry field" strategies (Scalvini, 1991). However, even after this aspect the sample is somehow surprising. In fact if we analyse the variables by defining the sample with only the "enterprise" typology organisations (represented in its biggest part precisely by the social co-operatives, for which the aforementioned strategies have been thought and elaborated), the relationship between the number of seats and the degree of co-operation becomes strongly positive. How can we explain this? We can see from the data that the most "enterprise type" of organisations are all linked to at least one second level structure (network, syndicate, or other), thing that doesn't occur with those of the social typology. This is probably caused by some dimension feature, which is so much bigger in the enterprise type structures[26], and this leads to more complex organisations and to the necessity to grow in both the internal and the external co-operation fronts. The more consolidated capacity to work within networks and the more developed maturity of the enterprise type structures may be a further explanation (Marocchi, 1997).

Tab.2 Intervention sectors and macro-areas

	Sectors	**%**	**Cumulative %**	**Progressive cumulative %**
Welfare	Social services	39.2	39.2	
	Health	22.5	61.7	61.7
Community services	Culture and leisure	8.3	8.3	
	Instruction and education	5.4	13.7	
	Professional formation	3.8	17.5	
	Environment	3.3	20.8	
	Free time	2.1	22.9	
	Communication and information	1.3	24.2	
	Sports	0.4	24.6	86.3
International solidarity activity	International cooperation	11.3	11.3	
	Advocacy e civil rights safeguarding	0.8	12.1	98.4
Other		*1.2*	*1.2*	
Missing		*0.4*	*1.6*	100.0

Source: NETS (1998/99)

[25] The correlation coefficient between variable "number of seats" and variable "degree of cooperation" (number of networks where the organisations take part) is equal to ρ = -19%. The coefficient rises (in terms of absolute value) to -22% if we consider only the organisations that fit into the "social" typology. While if we only consider the organisations with an "enterprise" typology, ρ even becomes positive, reaching the value of 27%.

[26] Although these represent 33% of the sample, they gather 71% of the workers in the sample and almost 50% of the total budget.

One last but not least important aspect to be analysed regards the activities carried on by the associations: sectors and interest marketing. In the following questionnaire we tried to make a sector classification that could be as close as possible to the aforementioned comparative analysis, built around 12 reference sectors, and 3 main macro-areas: welfare, community services, international solidarity activity.

Obviously the majority of the organisations are active on several fields and in the questionnaire the secondary areas of intervention have been possibly marked.
The aforementioned situation, which can be pictured as some kind of a *product diversification* strategy, comes along with the *markets diversification*, in other words with the levels of activity being conduced simultaneously by the organisation (local, regional, national and international).

Tab.3 Product diversification and markets diversification

		Products				Markets			
Macro-area	**%**	**1**	**2**	**3**	**≥4**	**1**	**2**	**3**	**≥4**
Welfare	62.0	46.6	23.6	11.5	18.2	42.9	34.0	13.6	9.5
Community services	25.9	12.9	22.6	11.3	53.2	50.0	12.9	19.4	17.7
International activities	12.1	24.1	37.9	10.3	27.6	27.6	10.3	27.6	34.5
Total	**100.0**	**35.1**	**25.1**	**11.3**	**28.5**	**42.9**	**25.6**	**16.8**	**14.7**

Source: NETS (1998/99)

It's interesting to notice that both forms of diversification are positively correlated (ρ = 22%), therefore, for example, the organisations with a maximum products diversification (number of fields of intervention ≥4) are in average turned towards a maximum market diversification situation (number of levels of intervention ≥4). The correlation rises clearly, almost doubles, if we just consider the more enterprise-oriented organisations (ρ = 39%). These, on the other hand, are in average active on 1.54 markets, while for the entire sample the value reaches 2.04. For this reason, they are to be considered more static than the fields of intervention as already pointed out (2.31 against the general 2.44).
Therefore the data analysis is clearly defining the two types of organisations:

Tab.4 Organisation typologies: key factors

	Typology	
Factors	**Social**	**Enterprise**
Age	Generally older and with its origins far away in the past.	Younger but anyway born before the Nineties.
Structure	Simple, it suffers from the trade-off between growth internalization and externalization.	Complex, able to combine internal and external growth.
Activity	Transversal orientation leaned towards interventions in many different fields	Particular propensity in the welfare area and community services
Strategy	Remarkable eclecticism and elasticity towards fields and markets	Tendency to specialization and rationalization of the market relocation

Source: NETS (1998/99)

The Employment

Only 144 organisations (60% of the whole sample) have declared to pay at least one worker. Totally 5,771 workers are represented with an average value at 40 and a median at 14. Among them, 4,081 (71%) are employed in entrepreneurial organisations (with a mean at 57), and 1,690 (29%) in the social ones, which constitute the 67% of the sample.

While the average data seem to indicate an important employment dimension for the organisations present in the sample, the heterogeneity among them is high and it can already be observed by the difference between the organisational typologies. A more complete information emerges when distinguishing the organisations by clusters of workers. In this case it is evident the diversity of tendency between the two typologies. While the social one is more and more marginal when the cluster increases, the entrepreneurial one is ever more important.

Tab.5 Distribution of workers among fields of activity

Macro-area	Field	Total	Social	Entrepreneurial
Welfare	Social services	49.84%	18.76%	81.24%
	Health	4.02%	31.03%	68.97%
Sub-total		*53.86%*	*19.68%*	*80.32%*
Community services	Culture and leisure	6.50%	48.53%	51.47%
	Instruction and education	2.65%	25.49%	74.51%
	Professional formation	17.75%	0.29%	99.71%
	Environment	0.75%	100.00%	0.00%
	Free time	6.68%	58.18%	41.82%
	Communication and information	0.92%	0.00%	100.00%
	Sports	5.90%	100.00%	0.00%
Sub-total		*41.14%*	*35.03%*	*64.97%*
International activities	Advocacy	0.00%	0.00%	0.00%
	International co-operation	4.42%	84.31%	15.69%
Sub-total		*4.42%*	*84.31%*	*15.69%*
Other		0.57%	81.82%	18.18%
Total		**100.00%**	**29.00%**	**71.00%**

Source: NETS (1998/99)

With regard to the fields of activity the distribution of workers confirms the trends emerged in the previous sections: the 54% of workers are concentrated in the welfare area (the percentage is 62% for the organisations); the 41% are in the community services area (25% for the organisations); the 4% are in the international activities area (12%).

The entrepreneurial component of the sample is massively present - also in terms of amount of workers - in the areas characterised by rapid processes of professionalisation (welfare, education, vocational training, communication), while some fields of action prevalently involve social forms of organisation: this is the case for leisure time, sport and international co-operation. Other sectors where the passage from voluntary action to entrepreneurship is slower and less piloted by public institutions, maintain a balanced presence of the two typologies, as for culture and environment.

An important factor concerns the forms of employment and work organisation within social enterprises: it deals not with quantitative but qualitative data (Lombardi, Messina, Polimanti; 1999). In order to evaluate these elements the organisations have been asked for specifying which contractual forms are adopted among the following: full-time open-ended contract; part-time open-ended contract; collaborators (free-lance and other a-typical Italian contracts); *stagiaires* and working fellowships[27].

[27] The following elaboration will consider collaborators and *stagiaires* as a unique item.

The result is an average incidence at 25% of flexible forms of work, without taking into account the condition of working members of social co-operatives, hidden by an ambiguous open-ended contract. This outcome is not a surprise at the light of the general trend of the economic system, but the analysis needs to be more detailed if considering that data refer to the year 1997 and we are observing stock and not flow variables. In some way it seems that the third sector is forestalling those processes now characterising the whole economy.

Tab.6 Forms of work in the third sector

Contract	Total	Women
Open-ended full-time	51.33%	59.82%
Open-ended part-time	23.88%	62.70%
Collaborators	24.79%	47.51%
Total	**100.00%**	**57.69%**

Source: NETS (1998/99)

An important information comes analysing the presence of women among workers. In the whole sample 58% of workers are female and this percentage is even higher in the case of open-ended contracts (both full and part time). But again it must be underlined that within this category even more precarious forms are considered, such as the working members of social co-operatives.
Then the presence of women is stronger in entrepreneurial structures (61%), than in social ones (49%). This probably depends by the activities carried out, especially true for those organisations working in the area of welfare (the so called proximity services).
However the organisational typology has a concrete impact also on the forms of work. It seems clear indeed that the extreme search for flexibility - and following it will be seen if generalised or in dependence to specific factors - appears differently according to the diverse opportunities given by the legislative framework in which the organisation is acting. Thus while in social cooperatives the main form is that one of working members (figuring in the statistics as an open-ended contract), in associations the a-typical contracts are the most used (47% of total!).

Considering flexible all collaborators, a flexibility index can be built, characterising the internal organisation of each social enterprise. The entrepreneurial typology is marked by a lower level of the index, independently from the budget dimension, but the ambiguous role of working members contract must be considered. Social organisations are instead characterised by a strong presence of flexible workers for each budget cluster, reaching the maximum (78%) for a budget dimension between 250 and 500 thousands EUROs and the minimum (38%) over 2,500 millions EUROs.

Tab.7 The forms of work for organisational typology

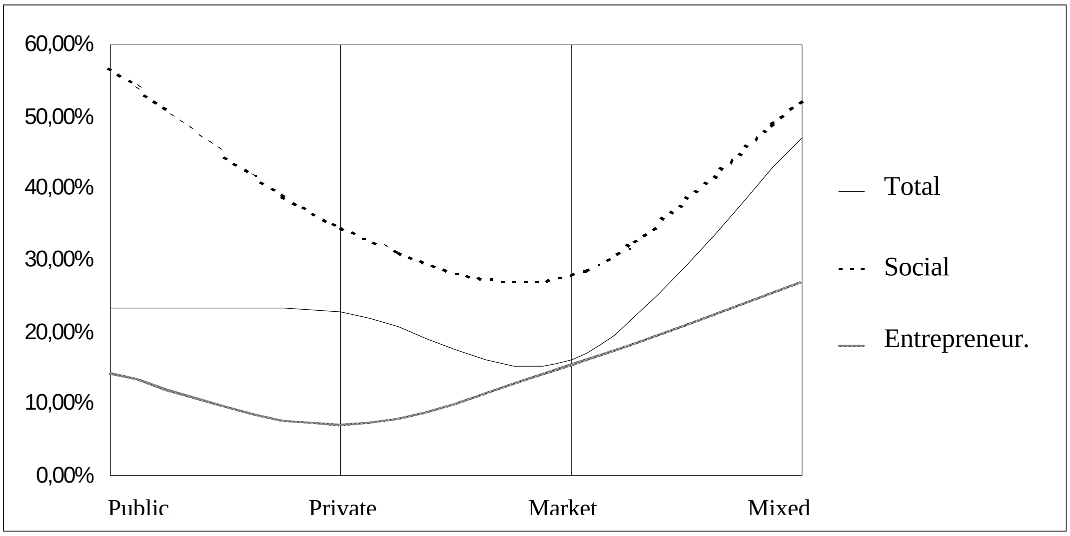
Contract	Social	Women	Entrepreneurial	Women
Open-ended full-time	36.15%	52.27%	57.61%	62.85%
Open-ended part-time	13.55%	48.74%	28.15%	69.02%
Collaborators	51.30%	49.07%	14.24%	41.89%
Total	**100.00%**	**49.06%**	**100.00%**	**60.86%**

Source: NETS (1998/99)

Concerning the composition of revenues, the financial orientation index is now used (see next sections for a detailed description). It synthesises the organisation tendency to collect resources from one of the following subjects: public institutions, private environment (citizens and enteprises), the market. Some organisations, in a lack of a definitive tendency have been

classified as mixed-oriented. It is clear, and the data are unbiased and not ambiguous for the social typology, a strong polarisation between forms of dependence from public institutions and from mixed sources. In the middle less precarious and flexible forms of work are found, characterising those organisations market oriented or able to mobilise private resources.
Third sector organisations who depend from public money are not able to make previsions on "what will happen tomorrow" and, therefore, are compelled to adopt as flexible as possible forms for recruiting personnel. At contrary, a few organisations, those who succeed in raising private funds, can probably plan in a longer-term and to keep lower levels of a-typical contracts, down to a 21% that seems to be just a structural value, due to physiological necessities of the enterprise.

Fig. 1 The flexibility index and the financial orientation



Across the period 1995-1997 the sample of third sector organisations investigated by the NETS project shows a huge increase of workers. The average yearly growth rate is 14% (17% for the social typology and 12% for the entrepreneurial one).

The maximum value is reached by the collaborators in entrepreneurial typology (49%) and the minimum is for part-time workers in the same sub-group. But what seems to be important is the incidence of the most flexible form of contract on the new jobs: the a-typical workers represent 54% of total new jobs created by the third sector. It is surely an important information to be crossed with what has been said before on the composition of employment in these organisations and to be taken into account when evaluating public policies and specific measures for the promotion of the sector.

Tab.8 Employment trends and dimension

	Social			*Entrepreneurial*			**Total**		
	Δ% 95-97	Yearly Growth Rate	Incidence on Total	Δ% 95-97	Yearly Growth Rate	Incidence on Total	**Δ% 95-97**	**Yearly Growth Rate**	**Incidence on Total**
Full time	19%	9%	23%	24%	11%	77%	**23%**	**11%**	**39%**
Part time	28%	13%	73%	3%	1%	27%	**8%**	**4%**	**7%**
Collaborators	53%	24%	59%	123%	49%	41%	**69%**	**30%**	**54%**
Total	**37%**	**17%**	**46%**	**25%**	**12%**	**54%**	**29%**	**14%**	**100%**

Source: NETS (1998/99)

The lack of data at national level - waiting for the ISTAT first survey on the nonprofit sector, that should be carried out on 2000 - at the same time frightens and stimulates all researchers to assess the dimension of employment in the Italian social economy. Considering the diversity of methodologies adopted since now and the heterogeneity in the sets of data used and in the definitions of third sector in which they are projected, it could be considered a little bit more than a scientific joke. Furthermore, any comparison among different assessments is even more difficult and senseless.

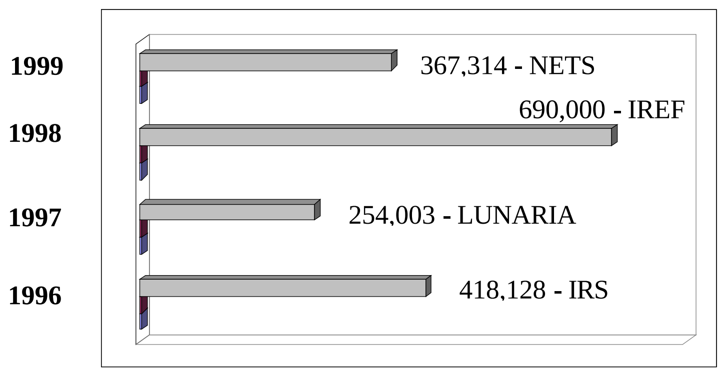
Nevertheless here following the most important assessments obtained since now are summarised.

1. The first study estimating the amount of workers has been the one by Gian Paolo Barbetta (1996), using 1991 data from ISTAT and adopting the Johns Hopkins University definition of third sector. All figures on workers are expressed in full time equivalent units.
2. The second one has been Lunaria's "Lavori scelti" (1997), using the same methodology and data Barbetta used but projecting them on a smaller universe: the restricted definition of third sector proposed also in the NETS project. All figures on workers are expressed in full time equivalent units.
3. The third relevant study has been conducted by IREF (1998), using a different methodology: starting from a survey on third sector organisations and projecting the average values obtained on the universe re-composed by the main researches for each sub-group (FIVOL for voluntary organisations, IREF itself for associations, CGM for social cooperatives). It is not clear in which units figures on workers are expressed.
4. Then the NETS research. The data obtained by the survey have been projected on the universe used by IREF, with small differences on the composition and the methodology. Figures on workers are expressed in full time equivalent units.

Considering Lunaria's assessments, the first one on 1991 data and the second one on 1997 data, a variation at 45% in six years emerges, that means an average yearly growth rate at 6%. Taking into account that the second half of the nineties has been characterised by a stronger growth of the third sector as a whole, also in occupational terms, there seems to be not incoherence between this result and the NETS one, indicating an yearly growth rate at 14% in the period 1995-1997.

Tab.9 Main assessments on the employment dimension

	Year	Data	Workers	
IRS (Senza scopo di lucro)	1996	1991	418,128	FTE
Lunaria (Lavori scelti)	1997	1991	254,003	FTE
IREF (Imprenditorialità solidale)	1998	1996	690,000	
NETS (Lunaria - La Sapienza)	1999	1997	367,314	FTE



Economic features

24% of the sample is represented by organisations with annual budgets under 50 million of liras and 47% under 250 million. Therefore there are many not significant organisations from an economic point of view, mainly among those which maintain a social organisation typology (78%). The entrepreneurial-oriented organisations give an increased importance both in relative and absolute terms to the rising dimension of the budget.

An estimate that requires the uniform distribution of the organisations among the classes, shows a total value of nearly 127 millions of EUROs, 591,000 on average and 194,000 on median. However the 2 types of organisations have very different values: as the entrepreneurial ones present an average budget of 850,000 EUROs and a 17% annual rate growth[28], the social ones show a lower dimension and trend with an average budget of 458,000 and a growth rate of 12%.

Social organisations working in the north are marked by lower developing rates (4%), while those entrepreneurial working in the south experience a more rapid growing rates. The latter grew at an annual rate of 33% (with an average rate in the south of 23%).

Besides the geographic distribution, it is useful to pay attention to organisations with a small economic dimension, because they are the ones which experienced a much quicker growth in the 1995-1997 period: considering those with a less than 125,000 EUROs budget in 1995, 35% improved their position, while in the whole sample such a trend has been possible only for the 26% of the organisations. It's important to say that the same trend can be observed among the bigger social enterprises (over 1 million of EURO) in which 13% goes up a level, but these enterprises represent just the 16% of the sample. The "grey zone", the most uncertain one, can be identified by organisations with annual budgets from 125,000 to 1 million: it is the only group that experienced a regression (5% of the enterprise went down a class) even if such a group performed the bigger growing rate (41%).

In absolute terms, the overall budget variations among the 240 organisations amount to nearly 25 millions EUROs, that, compared to the initial amount in 1995 (90 millions) give a 30% growth for the two-year 1995-1997, corresponding to an average annual growth of 14%. However this growing is not uniformly distributed among the elements of the sample: on the checked organisation it can be observed that 13% of them are responsible for 90% of the total budget increase, while 43% are responsible only for a 3%.

In the questionnaire given to the social enterprise there were a question included to show the impact on the total budget of the following items:

- Revenues: from public institution; private; self-financing by members subscription, sale of goods and services; rents and interests;
- Expenditures: labour costs; structure cost; financial costs.

The balance composition that comes out is quite articulate. On the side of expenditure it's possible to note that, compared to other surveys (IREF, 1998; Barbetta 1996), the public revenue impact, even if relevant, appear to be mitigated. That is, without any doubt, affected by the way, in which the sample has been selected, seeking to favour, as long as possible, the structures less linked to a supplementary role of public intervention. On average the public revenue impact is 37%, compared to more than 75% in 44% of the sample found by IREF and also to the average value of 52% found by Barbetta. The influence of public revenue in the NETS sample goes down to 25% if the reference indicator is the median.

[28] The right growth has been recorded in the two-year 1995-97. In order to calculate the growth rate, it needs to consider: c_1 and c_2 are respectively the annual and the two-year growth rate, then:

$(1+ c_2) = (1+ c_1)^2$ so that: $c_1 = (1+ c_2)^{1/2} - 1$

According to CGM (1997), the social co-operative in 1996 depends on "public customer" in 59% of the own balance (8.6 of them are contributions and 50.6 are sales): such a percentage is perfectly confirmed by the NETS data on the entrepreneurial elements of the sample. It's the social component, instead, that relying on public only for 26%, can redress the average of the sample counting mainly on forms of self-financing (38%).

In general terms the public revenue influence has a heavy impact on the agency in the centre, even if, in the entrepreneurial-type organisations, the south is in the top of the list (with a percentage of 63%). The impact of privates revenue (outer the organisation, otherwise it refer to self-financing) is 11% on average with a peak in the north (12%), notably for social-type organisations (14%).

The self-financing represents the second source of revenue (27%) and it's a maximum in the social-type organisations, particularly for the ones working in the south (40%). While the sales of goods and services (21% overall average) is maximum inside the entrepreneurial component in the north (28%) and a minimum in the social one in the centre (13%).

Notably they've been calculated two indicators in order to understand the organisations economic structure:

- financial tendency: it's obtained on the base of the predominance of each form of financing compared to the others;
- production structure: it distinguishes *labour intensive* structure from the *capital intensive* structure (even here it's been chosen a threshold value of 30%).

The financial tendency shows that 61% of the organisations divide equally between public and private revenue predominance (it's been considered the self-financing as well), while 13% is mainly dedicated to commercial activities. The remaining 26% has a financial structure quite balanced.

The production structure is an indicator built in order to synthesise the balance composition on the side of expenditures. The latter are concentrated mainly on two items: staff costs and structure costs, meaning with this term all the costs concerning the premises, the equipment, etc. The other costs proposed (notably the financial ones) has values not significant almost always.

Differently from the revenues, the data on expenditures are also available in 1995. The strong differentiation between the social structure and the entrepreneurial structure is evident. The former is characterised by an overwhelming weight of the structure cost (56%) underlining both the small dimension of this kind of organisation and their ability to create jobs. The latter confirm the labour intensive nature of the social enterprise, particularly in places where infrastructures are more available (north and centre).

The increasing percentage impact on labour cost is generalised (3 percentage points on average), except for the organisations in the centre that lower the value of the entrepreneurial typology. The trade off between the labour cost and the structural cost confirm the simplicity structure of this kind of organisations.

The financial costs affects 2% on average and doesn't seem to have significant variation in 2 years, except for entrepreneurial-type organisations in the south where the strong decrease of these costs (almost totally balanced by the rising labour costs) amount to 13 percent points.

15% of the organisations are completely unsatisfied about the respect of the terms of payments by the public institutions. This value per cent goes up to 24% if we consider only the social enterprise. The situation isn't better from the side of private revenues:

The critical point of this picture regards the absence of "credit capacity" that's closely linked to the ability to give return on capital, so to generate, and above all, "distribute" profits. The lack of these factors move the social enterprise away firstly from potential long term investors and secondly from the typical intermediary financial activity: the banks. It’s evident that the ethical finance is a properly answer to a fundamental need for the Italian third sector. It also guarantees a form of mutual support.

Asked policies

In the questionnaire of the NETS survey, Social Enterprises were asked indications about the main existing policies for the Third Sector Organisations. Which were the policies they took advantage of? The percentage of the sample which answered to this question was smaller than the average answering rate to the previous questions. The organisations had difficulties in pointing out matters related to economic policy.

Policies requested for employment

Main needed policies for employment promotion in the third sector (NETS)	**%***
Further fiscal benefits	75,9
Better access to services	73,3
Reduced labour costs	72,3
Facilities for credit	69,2
Specific labour agreements	68,2
Incentives for recruitment	68,2

* multiple answers
Source: NETS

Although most of Third Sector Organisations already benefit by fiscal incentives and reduced labour costs, they remain the most needed policies. Labour is a relevant issue for Social enterprises: 60% of the sample already benefits from reduced labour costs (likely thanks to disadvantaged workers of B-type cooperatives): nevertheless most of the organisations requested a lowering of labour costs as well as incentives for recruitment and specific labour agreements.

The analysis of the needed policies according to the sector of activities confirms the different orientation of "heavy" third sector organizations, working in the fields of health and welfare services with greater public resources and number of employees, and "light" third sector organizations, getting lower public funds and employing less people. The first ones ask for policies able to reduce labour costs; the latter are oriented to more "original" policies allowing a better access to services and infrastructures, facilities for credit, and specific labour contracts. The second group of organisations belongs to the "social" typology more than to the “entrepreneurial” one. As confirmed by the data on the economic and financial structure, they are more affected by the structural costs (office rental, electricity, etc.) for which they spend the bigger part of their income.

We identified some macroareas of policies regarding the development of employment in the Social Enterprises such as labour, public resources, training, infrastructures, facilities for credit: the result is in the following scheme.

- PUBLIC SUPPORT: all those measures which include the intervention of the state: fiscal benefits, donations, expansion of public demand, fiscal deductibility of expenses for Third Sector services;
- INCENTIVES TO LABOUR: all those measures concerning labour: specific labour contracts, incentives for recruitment, reduction of labour costs, leaves form work;
- TRAINING: incentives for training and training for specific professional skills;

- INFRASTRUCTURES: lower cost to access communication services (phone, mail, etc.) and infrastructures.

Macroares of policies and fields of activities

	Welfare	Health	Culture	Advocacy	Training	%
Public support	28%	27%	30%	27%	31%	28%
Labour incentives	27%	25%	27%	28%	29%	27%
Training	23%	23%	20%	18%	16%	21%
Infrastructure	22%	25%	24%	27%	24%	24%

Source: NETS

The first area of policies is preferred by the 28% of the organisations of the sample, the second one by the 27%, the third by the 21% while a 24% of them is more in need of facilities for infrastructures.

Organisations involved in the fields of welfare and health need policies for public support while (28% e 27%), those promoting human and civil rights request facilities for infrastructures (27%) and those involved in the fields of education and training do not ask incentives for training but more public support (31%).

Macroarea of policies and budget classes

	0-30,000	30,001-250,000	250,001-1,5mill	over 1,5 mill
Public support	25%	27%	30%	30%
Labour incentives	25%	25%	30%	30%
Training	23%	23%	18%	20%
Infrastructures	27%	25%	22%	20%

Source: NETS

Considering the organisations according to their budget, we acknowledge that over 70% of Third Sector Organisations with lower budgets, up to 250,000 euros, prioritise lower costs access to infrastructures and facilities for credit; the organisations with budget from 250,001 to 1,5 mill prefer policies concerning labour; social enterprises with budget over 1,5 mill Euro do not express a clear preference: only 50% of the total sample request fiscal benefits or benefits for labour costs.

Supply	**Demand**
Fiscal benefits	Deductibility of expenses
Training	Privatisation
Facilities to access credit	Expansion of public demand
Access infrastructures and services	
Specific labour agreement	
Leaves from job	
Incentives for recruitment	
Reduction of labour costs	

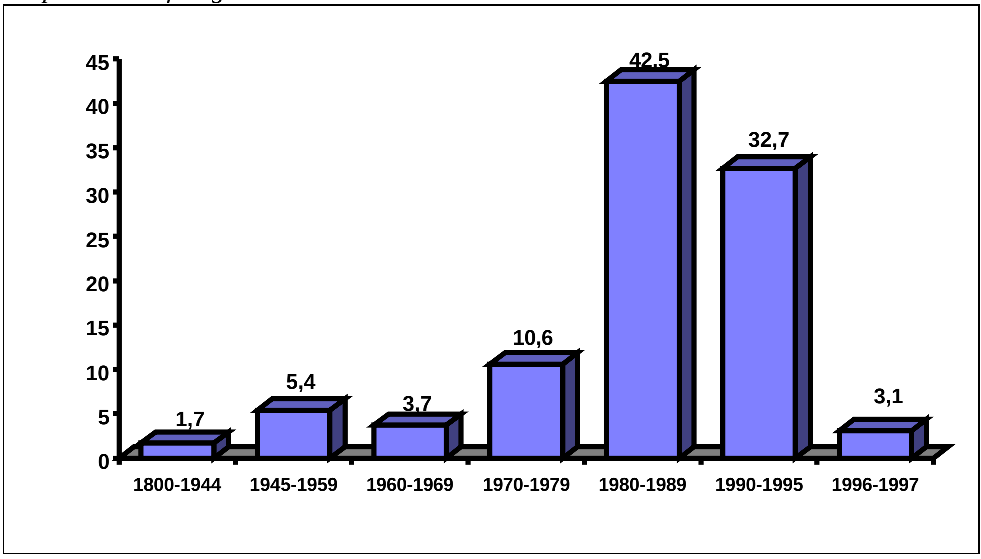
Another interesting classification to understand "who asks for what" divides the policies into two main issues: those relating to the supply-side and those relating to the demand-side. Supply-side policies includes those measures which stimulate directly and indirectly the supply of goods and services by Third Sector Organisations; demand-side policies is related to those measures promoting and supporting public and private demand of goods and services produced by Social Enterprises.

The greater part of Third Sector Organisations (nearly 80%) request policies meant to develop, widen, diversify, and personalise the supply of the goods and services they produce.
The effects of those policies are easy and immediate to evaluate, while it is more difficult to identify the effect of policies such as the fiscal deductibility of expenses for Third Sector Organisations, the expansion of public demand and the privatisation of public services.

3.3.3 Spain

In Spain 366 third sector organizations have been investigated within the NETS survey.

Graph 1 Year of origin

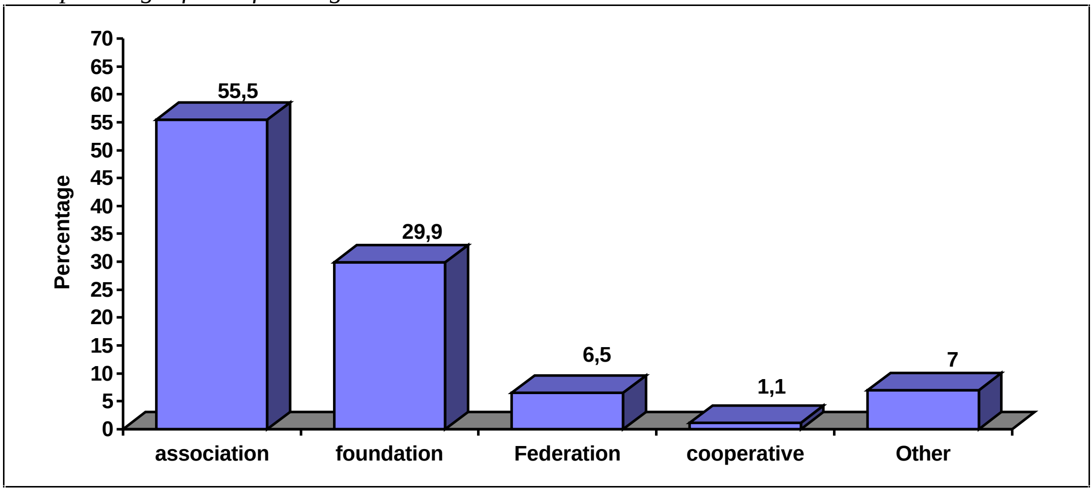


Source: NETS (1998/99)

The most outstanding feature stemming from the table above is that the Spanish Third Sector is a very young sector. This backwardness was obviously due to the specific political context of our country. As we can observe, 1979 is the inflection point with regard to the founding of the organisations, coinciding with the beginning of the democratic stage and the subsequent enactment of the Constitution, which provides the possibility of creating associations without the previous governmental authorisation.

We should take note that until the Constitution of 1978, associations were ruled by Franco's law of 1964, according to which, the government was the institution that authorised the setting-up of associations. For that reason, Spanish Third Sector was not established on a large scale until the recovering of the democracy. Indeed, 70% of the organisations of our sample were set up between 1980 and 1995 (40% during the eighties and 30% during the first five years of the nineties). Therefore, we can state that we are dealing mainly with young organisations born in the democratic framework. In accordance, during the dictatorship the number of organisations that were set up is insignificant, with the sole exception of the 10%, which were established during the seventies. Nonetheless, more than 6% of these organisations were established after 1976, which means, at the beginning of the political transition wherein the civil society started to self-organise.

Graph 2 Legal form of the organisations



Source: NETS (1998/99)

With regard to the legal form of the organisations, we can observe a clear predominance of associations, being more than half of the sample (55.5%), whereas not even one third are foundations (30%) and only a small proportion are federations (6,5%) or cooperatives (1,1%). This fact indicates the important role that is played by the associational legal form in the Spanish Third Sector. Traditionally this is the form mainly chosen by the entities that have arisen from the civil society. On the contrary, Foundation is a very recent organisational form and they have largely appeared during the last decade, due to important changes in the legal framework. Although Foundations and Associations can share the same aims they have a different nature, nonetheless their principal difference is that Foundations are composed of a limited number of patrons that have the decisional power. Cooperatives are ancient forms, which started operating during the last years of the nineteen-century, but not so widespread as associations, due to the different goals pursued by them. Nonetheless, in spite of the poor representation of social cooperatives in our sample --in part due to the definition of third sector organization agreed by the NETS teams--, both production cooperatives and consume cooperatives have been a fundamental element in the history of the Spanish Third Sector.

In further analysis, we have considered this variable in three groups. The largest group (62%) is made up of associations and federations, as they share the same nature since a federation can be considered as a coordinating structure composed of associations (it could be said that a federation is an association of associations). The medium group is foundations (29,9%), category which has been considered separately because of their particular features. The smallest (8.1%) is both cooperatives and other, as a consequence of the limited number of cooperatives of the sample we have to consider them as a residual category. Within the latter category we will find a very disperse sample of organisations, particularly due to some of those labelled “other”.

A great majority of the organisations (82,5%) have just one main activity. Nonetheless, we have to take into account the fact that originally it was not a multiple-choice question. In spite of this, 17% of the organisations said that they were involved in two or more main fields of activity, without considering any of them more important than the others. It is important to highlight that the majority of the organisations contained in the multiple category are active in the social, community and social services field.

The most outstanding feature concerning the following table is the unbalanced distribution among the different fields we proposed. There is a clear overrepresentation of the organisations having as a first aim the provision of personal, community and social services (almost 40% of the organisations of the sample) and all the other fields demonstrate a very low percentage, none of them represents more than 10% of the sample. Education and research are Health care, the second larger items, only contain 9% of the sample respectively and the remaining nine fields of activity account for less than 25% of the sample.

Table 1 Main Field (multiple answer assigned into an specific group)

Main field of activity	**%**
Social, community and social services	37.5%
Education and research	8.9%
Health care	8.9%
Cooperation, peace, international solidarity	6.2%
Vocational training	5.7%
Recreation and leisure time	3.0%
Civil rights advocacy, promotion of democracy	2.7%
Cultural and artistic production, entertainment	1.9%
Environment	1.6%
Cultural heritage, protection of historical sites	1.1%
Communication, information, media and technologies	0.5%
Sport	0.3%
Other	4.3%
Multiple main field	17%
Ns/Nc	0.5%
TOTAL	100.0%

Source: NETS (1998/99)

Therefore, we are dealing with a sample strongly characterised by organisations devoted to Welfare, Health care and Education, this is to say the principal areas of activity of the Welfare State. In this sense we have to interpret that a large part of the third sector organization have arisen due to the lack of development of the Spanish Welfare State, and because of that the civil society have had to provide these essential services that the State is not supplying. On the other hand, another factor to consider is the fact that the categories we presented are no excluding and for example Personal, community and social services is quite a wide option and probably many other fields could be included within this category. In this sense, in local administration' records "Personal Services" include culture, education, sport, health and many other fields.

Table 2 Main Field (macroarea)

Macroareas of activity	**%**
Welfare	37.5%
Education	14.6%
Rights advocacy	10.5%
Health care	8.9%
Culture	6.7%
Multiple main field + Other + Ns/Nc	21.8%
Total	100.0%

Source: NETS (1998/99)

In the table above we have presented the aforementioned singular fields grouped by macroareas:

- Welfare (or personal, community and social services) and Health Care are considered as an exclusive category. Although this both fields share some common features we preferred to maintain them separately.
- Education is composed of Education and research and vocational training.

- Rights & Advocacy contains Cooperation and peace, Environment and Civil rights Advocacy or Promotion of democracy.
- Culture is composed of Recreation and leisure time, Cultural and artistic production, Cultural heritage and Communication.

With regard to the fields by macroareas we see that Welfare is still the largest group (37.5%), which was expected due to the overwhelming percentage that this field concentrate on. Education is the second largest group (14.6%). On the other extreme, there are Culture (6.7%) and Health care (8.9%), which do not reach 10% of the organisations.

In further cross analysis we will work with this new variable, because of the uneven distribution and moreover due to low percentages presented by the singular fields. With this procedure we won't find the inherent problems related to proceed with very small categories. On the other hand, this will help when comparing the three countries involved in the research.

With regard to the relation between the legal form and field of activity of the organisations, we can observe that depending on the fields wherein the entities are active they chose a different legal form. Fields such as Welfare, Rights Advocacy and Health care are mainly organised through the associational legal form (between 64 and 70% of them have chosen this form), meanwhile Education and Culture (more than 50%) are areas composed in a larger extent by foundations.

With regard to the goods and services provided by the organisation, in agreement with the information contained in previous tables, we observe that the goods and services provided by the organisations are mainly related to Welfare and Education areas, which are the largest fields. Almost 40% of the organisations offer courses and seminars and one-third of the sample give services related to orientation, consulting, etc. More than one-quarter of the organisations offer social assistance (directly related to Welfare and Health Care fields).

On the other hand, Spanish third sector organization provide their goods and/or services basically free. They can be either free for the whole community (half of the organisations provide their goods and services free for all people) or only free for people in need (quarter of the organisations provides goods and services free for only poor people). On the other hand, only a quarter of the organisations ask their clients to pay for the goods and services provided.

A great majority of the organisations are active in more than one field, as we could observe through the different areas reported as secondary fields of activity. 77% mentioned secondary fields of activity, and the majority of them have more than one. We observe that some fields are largely considered as main fields (particularly we note Welfare), and other have been widely picked as secondary fields (such is the case of Education and Culture which contain 54 and 44% of the organisations respectively).

The Employment

Almost the whole of the sample has at least one worker. As we can observe the percentage of organisations without workers is very low and the current trend has consisted in a progressive reduction of these entities.

Table 3 Percentage of organisations with workers

	1995	**1997**
YES	81.95%	95.15%
NO	18.05%	4.85%
TOTAL	100%	100%

Source: NETS (1998/99)

In 1997 only 5% did not have either of the workers figures here considered, that is to say, full-time employees, part-time, consultants and collaborators and stagers. The great majority of the organisations rise their number of workers and only 8,6% of the sample diminished their paid staff. That means that not only those organisations without workers in 1995 have hired people, but also those which already had employees have increased their staff. Thus, there is a clear trend to the growth affecting the Spanish Third Sector as a whole.

Table 4 Variation percentage of paid workers

	increasing	**stable**	**decreasing**	**TOTAL**
Full time employees	52.0	40.4	7.6	100%
Part time employees	45.5	44.7	9.7	100%
Consultants & Collaborators	40.1	52.8	7.0	100%
Stagers	27.8	69.3	3.0	100%

Source: NETS (1998/99)

This table shows that "Full time employees" is the most growing category, having the greatest increasing percentage of organisations rising their number of full time employees and the lowest decreasing proportion. However, we have to take into account that this table does not consider the total number of these percentage values and as we will see in next table, consultants and collaborators is the category which in total number has experienced the highest growth.

Table 5 Total number and percentage of workers per typology

	1995		**1997**		**DIFFERENCE 95-97**	
	Total number	**%**	**Total number**	**%**	**Total number**	**%**
Full time employees	7.127	35.3%	10.526	32.0%	3.399	47.7%
Part time employees	1.827	9.1%	4.957	15.1%	3.130	171.3%
Consultant and collaborators	10.666	52.9%	16.371	49.8%	5.705	53.5%
Employed by other inst…	545	2.7%	1.024	3.1%	479	87.9%
TOTAL	20.165	100.0%	32.878	100.0%	12.713	63.0%

Source: NETS (1998/99)

The most outstanding feature from the table above is the important increase in the number of paid workers between 1995 and 1997 (about 63%) estimated in more than 12.000 employees, which reflects the dynamism of this sector. Nonetheless we can not forget that, because of the gap time, some organisations did not answer the question concerning 1995 but they did for 1997.

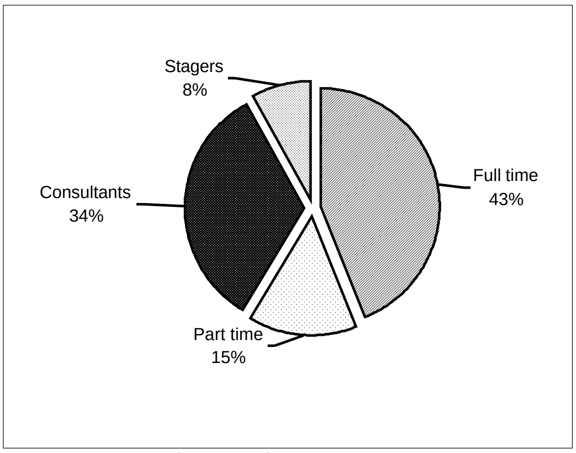
The most increasing value concerns the class "Consultants and collaborators", presenting a difference of 5.705 units. Whereas, full time employees and part time employees have approximately the same variation value (total numbers: 3.399 for full time and 3.130 for part time). Stagers has not experienced a high growth (479), but it fits with the character of this group.

"Consultants & Collaborators" has experienced the highest growth. But if we take into consideration the information contained in previous table we have to interpret that there are fewer organisations (40%) that increased the number of "Consultants & Collaborators" but this growth in total number was much more considerable than for full-time employees (2.306 more). On the other hand, the class of workers figure that in percentage terms increases most is part-time employees, likely due to the fact that this hiring form allows higher flexibility in the organisation, but at the same time certain stability. Thus, we can assert that the organisations have experienced a certain stabilisation in their labour structure in the sense that they have increased their number of full time employees and they have rise their staff.

Concerning the average percentage distribution for the whole sample, it stands out the important weight of consultants and collaborators over the total percentage of workers (52% for 1995 and 49.8% for 1997). On the other hand, there is a lack of presence of full time employees (35.3% for 1995 and 32% for 1997) which have even decreased during this period of time. We should investigate potential variables that are weakening the labour structure of this sector. That is the reason why we considered necessary to analyse the labour structure regarding the number of workers of the organisations. Particularly we distinguish between those organisations having more than 500 workers and those which have less than 500.

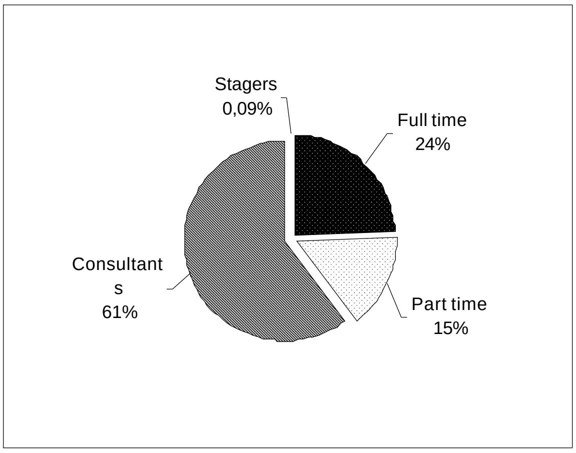
In our sample we have 3.23% of the organisations which have more than 500 workers in 1997. The reason why we chose 500 as a section value is because from that figure the distribution observed demonstrated a complete different behaviour with long distances from one value to the next. As a consequence, these organisations distorted the sample. On the other hand, we considered it was important to observe which was the specific labour structure of these bigger organisations, as only these organisations make up more than 20.000 workers for 1997.

Graph 3 Organisations with less than 500 workers



Source: NETS (1998/99)

Graph 4 Organisations with more than 500 workers



Source: NETS (1998/99)

The organisations with more than 500 workers present a structure completely different to the organisations with less than 500 employees. The most important trait is that the labour structure is considerably more stable after excluding the bigger organisations. Concerning the organisations with less than 500 workers we observe that half of their staff is full time and only one-third are consultants and collaborators. However, regarding the labour structure of the bigger organisations, the role of the aforesaid figures has been reversed. It is important to highlight the abundance of consultants and collaborators, which represent almost two third of the total percentage of workers. Nonetheless this enormous proportion of consultants and collaborators cannot be considered as a precarious feature characterising the bigger organisations. In fact, when such big organisations increase their staff is mostly thanks to flexible modalities of hiring workers. In agreement with that we find that part time employees is the category with the greatest increasing percentage although in total numbers consultants and collaborators suffered a very important growth.

Table 6 Distribution of paid labour in legal forms (1997)

	% SAMPLE	**% PAID LABOUR**	
		1995	1997
Association + Federation	62.0%	34%	46%
Foundations	29.9%	41%	34%
Other	8.1%	25%	20%
TOTAL	100%	100%	100%

Source: NETS (1998/99)

This table demonstrates that Foundations give proportionally more jobs than Associations as well as the organisations contained in the "other" category, demonstrating to have a greater capacity for creating employment opportunities. At the other extreme there is "Association + Federation”, whose workers represent a much smaller proportion than this kind of organisations do over the total of the sample. Nonetheless, this trend has been attenuated during the period considered.

With regard to the proportion of organisations with employees by legal form we conclude that almost all the organisations regardless of the legal form nowadays employ at least one worker. We found a very low percentage of organisations for all the legal forms without any worker in 1997 (between 3 and 6%).

The majority of the organisations are rising their number of workers. Therefore, there are no significant differences concerning the trend of employment. Almost all the organisations (more than 70%) assessed that their employment is increasing. Nonetheless, we found some significant differences in relation to the amount of workers and labour structure depending on the legal form. Associations employ less paid personnel than the organisations of the other legal forms. Foundations have a great amount of employed personnel and, on the other hand, a more stable labour structure contrasting to the remaining legal forms, which are mainly composed of collaborators --this is to say, they have a precarious labour structure.

In the following table we can appreciate that “Welfare” has a proportion of workers, which is over represented (over 20 percentage points) when considering the weight of this category over the total sample. That means that this field is employing considerably more workers in proportion than the remaining fields. The rest of macroareas are clearly infra represented. On the other hand, in 1997 “Education” is also over represented though not in a large proportion. The remaining fields do not employ a large proportion of workers.

"Rights", "Advocacy" and "Health Care" are those fields which have the highest percentage of organisations employing people, in 1995 as well as in 1997. On the other extreme, there is "Culture" where in 1995 almost a third of their organisations didn’t employ any worker. In 1997, however, this percentage has notably decreased although it is still the field with the greatest percentage of organisations without any employee. Concerning Education we note that there is an important reduction of the percentage of organisations without any type of labour.

Table 7 Percentage distribution and weight over macroareas

	% sample	**% total w. 1995**	**% total w. 1997**
Welfare	37.5	55.3%	51.6%
Education	14.6	8.7%	16.0%
Rights advocacy	10.5	6.8%	5.8%
Health care	8.9	2.7%	2.1%
Culture	6.7	1.5%	2.0%
Multiple main field + Other + Ns/Nc	21.8	25.0%	22.5%
Total	100.0	100.0%	100.0%

Source: NETS (1998/99)

In accordance with the previous information, we observe that “Education” is the most increasing field. On other hand, “Culture” is the most stable and decreasing category, that is to say, the less increasing field. Obviously it has to do with the fact that they do not need so many workers, meanwhile the remaining fields are labour intensive. Nonetheless, no major differences between the trend of employment have been found concerning the field of activity, around 70% assess a positive trend with the exception of the Culture field with only 50%.

Welfare and Education are the fields that employ on average terms more people. But, Welfare is also the field of activity demonstrating the most precarious labour structure, together with the field of Civil Rights Advocacy and, at a lower degree, Culture field. On the contrary, the field with the more stable labour structure is Health Care.

Economic features

In the first place, we must consider that the average organisation disposes of a considerable amount of money in their budget (mean 847.469 euros). In the second place, when we analyse the distribution of the sample in relation to the amount of budget, we notice that there is a clear growing trend (37% of the organisations have risen their budget) affecting the higher position of the range. The group with the most weight is composed of the organisations having between 30.000 and 300.000 Euro of budget, as they bring together 40% of the sample. A significant 20% of the entities have a truly high budget, as they surpass the average of a million of Euro of budget. It also should be noticed, that the cluster of organisations with lower budget (less than 30.000) lose weight over the whole of the sample, if in 1995 they represent 18,2% in 1997 they only make up 12,6% of the entities.

Table 8 Summarised budget classes

	1995	1997
	Total %	**Total %**
Up to 30,000 euros	18.2%	12.6%
30,000 – 300,000 euros	39.7%	39.4%
300,000 – 1.200,000	26.1%	28.1%
More than 1,200,000	15.9%	19.8%
Total	100%	100%

Source: NETS (1998/99)

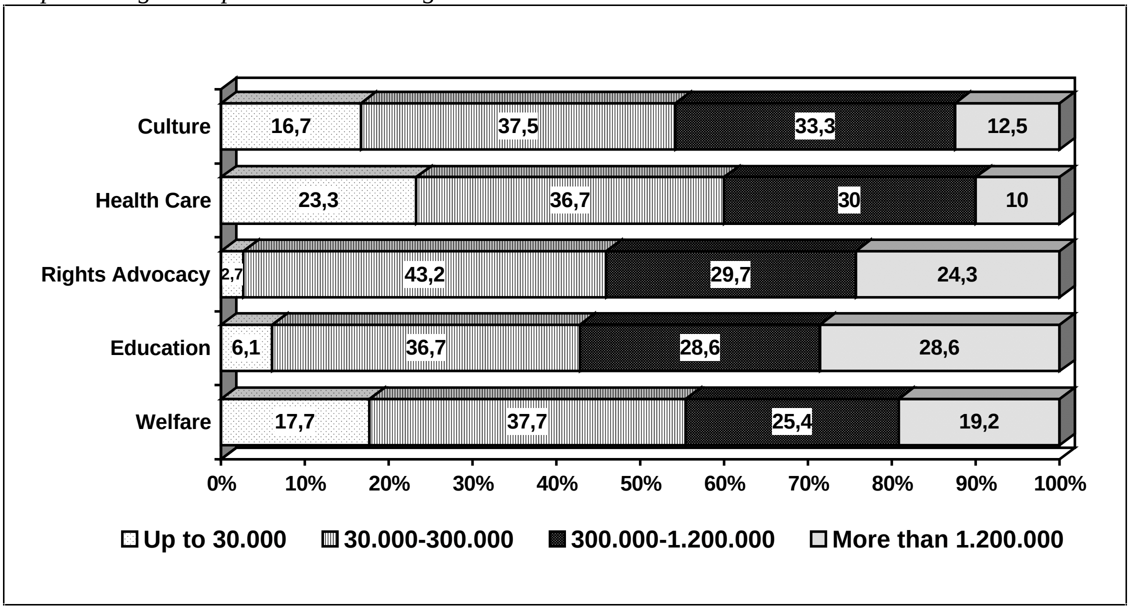
There exists a clear correlation between the legal form and the amount of budget, which can be observe through the mean value. Foundations, with a great difference, have available the greatest amount of budget (1.288.150 Euro in 1997), 70% more than the entities classify in the "others" (913.656) and almost three times more than "association and federation" (551.331). This figure gives us the idea of the economic strength of each of the three legal form categories. Nonetheless, the most dynamic legal form category, during this period, is “association + federation”, which has increased its budget in 38% --nonetheless this is the category which dispose with the lesser amount of money-- whereas the other legal form increase by around 15%. Therefore, concerning the differences between the three legal form groups, "association and federation" are those organisations that count on the lower amount of budget but they have also experienced the greatest increase.

When we analyse the percentage distribution of the range by legal form, the trend observed becomes very clear. The more the budget increases the greater amount of foundations are found, whereas associations follow the inverse pattern (the higher the budget the lesser amount of them) and other are distributed quite proportionally along the range.

The organisations devoted to Rights Advocacy (938.210 Euro in 1997) and Education (1.063.746) are those demonstrating higher budgets, being clearly over the budgetary average (847.469) for both years. At the other extreme, Culture (615.060) and Health Care (622.622) and Welfare (708.307) are these fields which dispose of the lowest budget.

In dynamic terms we observe that the fields with the highest amount of money available, this is to say Rights Advocacy and Education, are also those increasing their budget the most (approx. 200.000 in euros) and with the highest percentage of organisations rising (around 40%), with the exception of the "Culture" field. The organisations with the lowest budget, those devoted to culture, are the most dynamic (they have increased their budget in almost 250.000 Euro on average). But, it is quite logical if we take into account the minimal initial level of budget that they have and only 31% of the total have increased their budget.

Graph 5 Budget comparison considering in relation to macroareas 1997.



Source: NETS (1998/99)

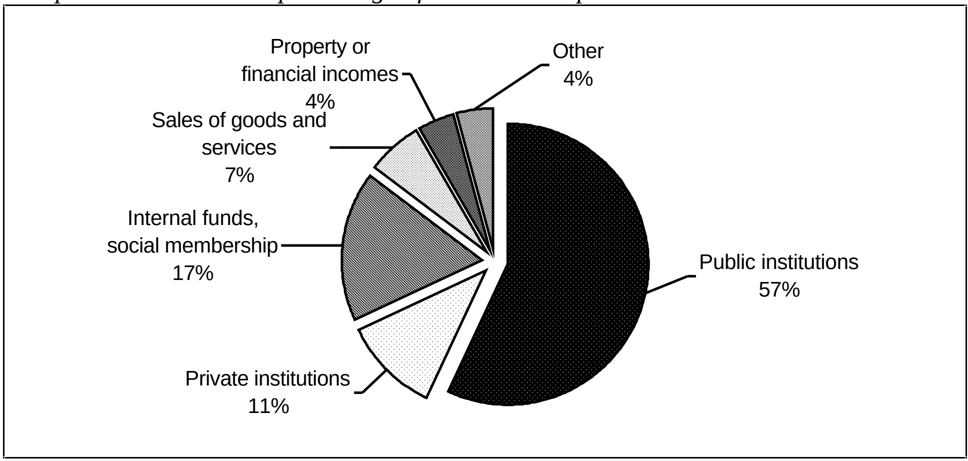
We have observed clear trends, which reveals that there is a narrow relation between these variables. In the first place, we observe a relation between the amount of budget and the number of workers and the trend of employment. In this sense, the higher the budget the more personnel employed and the most significant employment growth, and vice-versa, this is to say the less the budget the fewer personnel employed and the lower growth. In the second place, there is also correlation between the amount of budget and the labour structure, which is clearly reflect by the fact that the greater the budget the major presence and incorporation of full time employees. Therefore, the organisations which dispose of the greatest amount of budget have more stable labour structure.

Concerning part time workers and stagers, there does not exist any clear relation between the budget and the positive or negative evolution of part time workers.

The following table shows the average composition of revenues of the organisations of the sample. The mean of revenues coming from public institutions is clearly superior to the remaining categories, being this 57.03%. This is to say, more than half of the incomes of the organisations come from public institutions. The following category with the greatest mean is internal funds, social membership, but this does not reach 20% of the total revenues. Even when adding up the rest of private categories, we observe that the weight of revenues from private institutions is relatively weak. Therefore, we can state that on average terms we are dealing with a sector essentially based on public revenues, which is to say, its incomes are mostly generated by public institutions. It is clearly reflected the financial dependency of the Spanish third sector on public institutions, which becomes even more obvious when we consider the financial orientation.

We can observe that more than half of the organisations are State-oriented, which reveals the dependency of the Third sector organizations on the public resources. The second larger category is "mixed", that is to say, none of the income form prevails over the others over 30% points. Nonetheless, the percentage of mixed organisations is very low which reflects the financial dependency of the organisations and the lack of diversification of their revenues. On the other hand, Private-oriented organisations are a minority, not reaching 20% of the sample.

Graph 6 Mean values in percentage of revenues composition 1997



Source: NETS (1998/99)

With regard to the income resources which dominates by at least 75% of the budget, we note that almost two-third of the sample (58.8) have one revenue category dominating the budget to at least 75%, which indicates that the majority of the organisations depend on one exclusive source of revenues. Almost 50% of the organisations have their budget almost exclusively based on public resources. Indeed, the great majority of those organisations having one revenue category dominating to at least 75%, are state-oriented. This fact clearly demonstrates the important role played by the public revenues and the scarcity of the remaining income forms. Only 40% of the organisations do not receive more than 75% of their budget from one exclusive source. This percentage is indicating the lack of diversification of their incomes, thus the great dependence of the third sector organization.

Table 9 Financial orientation

	30 % criteria	**75 % criteria**
State-oriented	58,3	44,1
Private-oriented	16,7	12,3
Market-oriented	3,8	2,4
Mixed	21,2	41,1

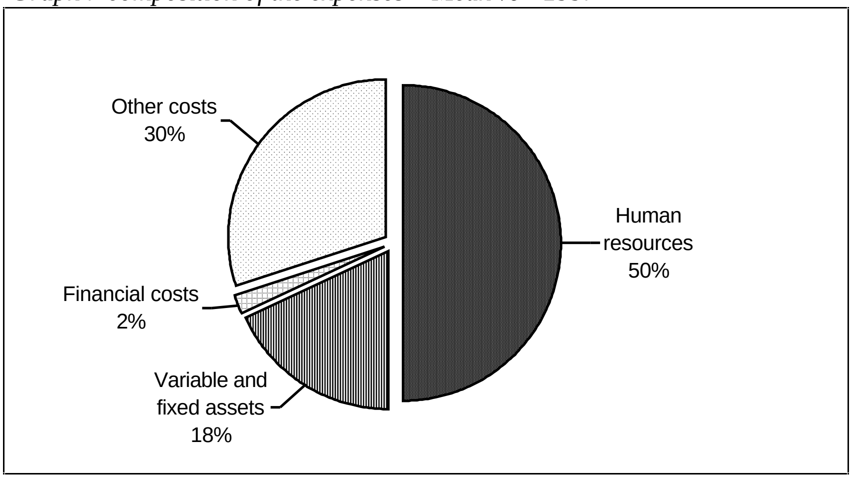
Source: NETS (1998/99)

With regard to the legal form we can also observe a different pattern for each category. The predominant income form prevailing regardless of the legal form is state-oriented, although the percentages vary noticeably. Association is the legal form which depend the most on public

grants, with 85% of the organisations fulfilling the criterion being state-oriented. On the other extreme we found foundations that is the legal form with the lowest proportion of state-oriented entities and with a significant percentage of private and market oriented organisations (30% and 10% respectively of the entities fulfilling the criterion).
State-oriented is the predominant category for all the macroareas, with the sole exception of Culture that have 70% of the organisations having a private orientation. Thus, we can also observe a relationship between the main field of activity and the financial-orientation, being Culture those demonstrating the most private orientation, therefore the most differentiated behaviour.

There exists some clear relation between the number of workers and the sources of incomes. In the first place we observe that third sector organization with paid personnel receive more public grants, while Third sector organizations without paid personnel are financed mostly through internal funds (particularly from internal funds and social membership). In the second place, the greatest number of workers the highest amount of public grants received, trend from 1 to 50 workers. From 50 workers we note a different trend, consisting in third sector organization with more than 50 workers use more diversified sources of revenues. In this sense, although they receive less money from public institutions they receive more money from the sale of goods and services. On the other hand, the sale of goods and services increases with the number of workers, but especially we note the greatest values for the organisations with more than 50 workers.

Graph 7 composition of the expenses – Mean % - 1997



Source: NETS (1998/99)

Half of the total budget is allocated to “human resource costs”, thus we can state that we are mainly dealing with *labour intensive* organisations. In this sense, the percentage distribution matches with the kind of organisations characterising our sample, which are particularly devoted to social services. The second largest category corresponds to “other cost” (30%), having such a high percentage because included in it are the cost of activities and services provided. On the other hand, the low percentage of structural and financial costs stands out, which reflects the weak position of the third sector organization.

There are no significant differences between the three legal form categories concerning the composition of the expenses, all the categories follow almost exactly the trend described above.

We can observe some variations with regard to the budgetary structure in relation to the main field of activities. The expenses on human resources surpass 50% of the budget in these organisations devoted to Welfare, Education and Health care. On the contrary, these entities oriented to Rights Advocacy and Culture show an index of expenses for the other costs of 40% or more, whereas they only set aside a third of their budget for human resources.

4. Conclusions and policy implications

The comparison of the third sector in three main European countries as Germany, Italy and Spain has outlined general and common trends relevant at European level and has opened new ways to future research.

In the years under study (1995-1997) the third sector has been growing fast but not homogeneously in the three countries, giving elements to deduct a process of **general convergence** towards a similar incidence, in relative terms, on each national economy. In fact while the fastest growth has been observed in Spain, characterised by a young and still being shaped welfare system (and third sector), the lowest is of Germany, typically marked by a strong presence of the state and a well-consolidated range of nonprofit activities. Italy, in a median position between the two both for what concerns the third sector and the welfare system (living a transition because of the gradual introduction of the principle of subsidiarity), presents clear symptoms of consolidation of the sector. The reference to **welfare** is not casual: it represents the 66% of employees in Germany, the 54% in Italy and Spain. Of course, deep differences in the welfare systems imply that easy generalisations are very risky.

One main finding is the confirmation of the **labour intensive** structure of third sector organizations. The clear tendency to translate all new resources into new jobs has been observed. This is especially true for certain kind of activities. Actually third sector organizations are not only active in the provision of welfare services, also some more innovative fields are occupied, in strict connection with **local communities**: education, recreation, leisure time, culture, etc. And it is within these activities that the most interesting employment opportunities may come, depending on the possibility to transform a latent demand in a paying one.

Focussing on **policies**, the elaboration of these findings and the analysis of the proposals coming from third sector organizations, has led to the following main conclusions:

- the retrenchment of the state from the welfare system and the adoption of the principle of **subsidiarity** will open further spaces to the third sector in those countries with a less (or differently) developed welfare system;
- the employment impact of these activities (**social services and health care**) is not easy to be assessed, but first analysis don't provide significant indications about the creation of new jobs. Furthermore it seems observable a passage from public employment to worst and less protected jobs (more than is happening in the rest of the economy);
- the so-called **community services** offer opportunities for innovative and job-oriented initiatives: from education to vocational training, from communication and multimedia to culture and leisure time, from environment to sport, these fields represent main employment basins for the next decade in the nonprofit sector;
- creation of new employment in the third sector passes for the active promotion of community services but it doesn't mean just spurring the organizations to adopt more market-oriented strategies or facilitating the demand, it also means providing **basic services and infrastructures** concerning the logistic and credit support, vocational training, access to communication, adequate employment facilities;
- **volunteering** is still a strong component of the sector. It is necessary to promote the culture of voluntary action and give public support to those organizations able to integrate and give value to volunteers, especially when they are mostly young people, that often use voluntary as the first opportunity to train themselves and be inserted into the labour market.

The research has also contributed to identify **future needs for research efforts**. They are connected with the lack of significant economic literature on the third sector (especially for what concerns Europe) but also with the need to analyse the institutional contexts in which the third sector operates. These major topics are:

concerning welfare:
- the role of welfare-mix and the implementation of the principle of subsidiarity;
- key factors for the innovation in the provision of welfare services;
- the relation between citizen income and the third sector;

concerning labour market:
- the link between voluntary experiences and employment in the third sector;
- gender factors in the third sector;
- qualitative analysis on the forms of work in the third sector;

concerning macroeconomic analysis
- defining the third sector in Europe;
- measuring the third sector in Europe;
- assessing the economic impact of the third sector;

concerning management:
- how to involve business angels to invest in social enterprises;
- access to credit and the role of ethical finance for the third sector;

concerning other general public policies
- measures to sustain the private demand towards third sector activities;
- training social entrepreneurs combining contrasting (social and economic) approaches;
- the role of the third sector for the integration of immigrants.

Of course these very general conclusions come from the analysis of each particular situation investigated in the national surveys. Here following there is a short presentation of main results that, for each country, have either direct or indirect policy implications. More detailed contributions are available in the country reports (see annexes).

4.1 Germany
As it was not possible to evaluate all policy proposals from the Nets survey, we concentrated on evaluating the “Expansion of public promotion of employment“ and the call for the “Expansion of public demand for services of the Third sector". Since a nation-wide evaluation was not realistic within the frame of the Nets project an exemplary research in the two German city states Berlin and Bremen was carried out, partly done by subcontracting partners[29]. The two federal states of Bremen and Berlin were chosen for the research because they have (besides fundamental differences) similarities in structure as two city states with high unemployment rates, showing at the same time in Berlin the specific East German situation (partly other subsidy programmes and subsidy guidelines, different supply standards of social services).

[29] In Berlin the research was carried out by Oliver Sargatzky, advising graduate in business management, Technical University of Berlin. In Bremen the labour market expert Paul M. Schröder, Institute for labour market research and employment promotion for youth, was responsible for the part of the investigation dealing with publicly promoted employment.

a) Public promotion of employment

The extent of publicly promoted employment, the financial means of different public authorities used on this behalf, and the exemplary extension of this field for creating new jobs have been investigated. In September 1999, Germany had an unemployment rate of 10.1%[30] (western territory incl. West-Berlin: 8.3%; eastern territory incl. East-Berlin: 17.2%). All in all 3,943 236 persons were registered as unemployed (West: 2,622 324; East: 1,320 912). The share of long-term unemployed persons (by definition this means for more than one year) on all unemployed was 35%. In absolute numbers the totals of jobs promoted by employment policy and the corresponding financial volume are considerably high. The national expenditures for discretionary means[31] of active employment promotion of the Bundesanstalt für Arbeit (BA)[32] were about DEM 28.9 billion[33] in 1998 (15.7 bn to East, 13.1 bn to West Germany).[34] For job creation schemes (ABM) the BA spent DEM 7.4 billion of which 43% went to East Germany. For so-called "measures for adapting to structural changes" (SAM)[35] DEM 2.9 billion were spent nation-wide of which the lion's share of 88% went into East German states. This high share can be explained by the fact that SAM predominantly is used as a structural subsidy within the private industry.

In the investigated city states the following numbers were calculated: In Berlin[36] about DEM 1.15 billion were spent for the core of active employment policy[37] by the BA, federal states and communities (districts) in 1998. With this about 24,200 fixed-term jobs were financed. But the Berlin situation cannot be regarded as representative because in the eastern part of the city subsidy conditions for East Germany are valid so that the level of publicly promoted employment is higher (of necessity). In the state of Bremen[38] the BA, the federal state and both communities Bremen and Bremerhaven spent about DEM 155 millions for about 4,000 jobs in 1998[39] .

Looking at these numbers in relation to other quantities a differentiated picture is obtained. The financial means for active promotion of employment of Berlin's *state budget* scarcely make one percent of the total state budget (0.8%)[40]. In Bremen this share makes about 1.2%[41]. This relation shows the German financial structure of active promotion of employment which mainly is financed by social security contributions. Only in the second place active employment promotion is financed by taxes, filling the financial gaps of the Bundesanstalt für

[30] Share of unemployed persons to the dependent civilian labour force.

[31] There is a difference of "mandatory" and "discretionary" benefits of the BA: "mandatory" benefits of active promotion of employment for example content of reintegration measures of handicapped persons which means they have a legal claim to this support. "Discretionary benefits" of active promotion of employment comprise all instruments for creating and promoting jobs and education with no legal claim.

[32] National Employment Office, a self-governed public authority.

[33] i.e. thousand millions

[34] Including the mandatory benefits the budget volume of the BA in 1998 was DEM 35 billion.

[35] Job creation schemes (ABM) and so-called "measures for adapting to structural changes" (SAM) are the two most important instruments of active employment promotion of the BA.

[36] Berlin has approx. 3,46 million residents, and 17.6% unemployment rate.

[37] ABM and SAM on the one hand and the state own programme "Labour assistance" (BSHG §19,1) on the other. Further subsidy instruments were not taken into account because it was impossible to assign them to the public benefit or private industry sector. Distribution of finance: about DEM 814 millions for means of the BA/Federal Government, DEM 248 millions complementary means of the state for ABM/SAM and about DEM 87 millions for the programme "Labour assistance". For the conditions of subsidies of single measures see below in the text.

[38] The state of Bremen has approx. 670,600 residents, and 15% unemployment rate.

[39] Without smaller state programmes. In essence ABM/SAM co-financing and the programme "Labour assistance" as well as capital and management costs necessary for employment measures.

[40] Total financial volume of the budget: about DEM 334 millions

[41] Total volume of the budget: about DEM 73 millions

Arbeit with annual grants[42], and directly financing certain parts of the "discretionary" benefits of active employment promotion[43]. Furthermore, the European Social Fund plays a role as co-financier[44]. So, the federal states do not act as main financiers of active employment promotion.
Moreover, the number of employees financed by public job promotion only make a *relatively small proportion of all employees liable to social security:* in Bremen as well as in Berlin the "subsidised" jobs only make a share of 2%.

However, concerning the *Third sector* a completely different picture arises: In Bremen nearly one third (28%) of all employees liable to social security within the so-called organisations with no commercial purposes[45] were financed by means of public job promotion, in Berlin even 38%. This high share of publicly promoted employees within the Third sector staff corresponds to the results of the NETS research[46]. From another perspective, this means that Third sector organisations are the main bodies realising the most important instrument of active employment policy (ABM)[47]. This situation is due to the subsidy conditions because ABM can only be used for pur-poses of public interest and therefore not by profit enterprises[48].

But the great importance of the Third sector for employment policy is possibly dwindling. A crucial result of the investigation is that the trend of active employment promotion shifts towards the private industry sector. This can be clearly seen by the relatively new promotion instrument of the "measures for adapting to structural changes" (SAM)[49]. In Berlin the number of SAM-promoted jobs within the Third sector decreased by 43% in 1998 while they increased more than five times (plus 540%) within the private industry sector, implying a general increase of all SAM employees by 69%. This means an obvious extension of this instrument into the private industry sector. The background for this tendency is a change of the "philosophy" of active employment policy. By aiming at the so-called "First Labour Market", i.e. the private industry sector, a better and more durable reintegration of unemployed people into working life is expected than by aiming at job promotion programmes within the Third sector. But also reasons related to financial policy play a decisive role: The SAM instrument with its flat-rate limitation of the wage subsidy of only one third of the average wage expenditures[50] is much more cost-effective than the ABM instrument where agreed wages serve at least as a guideline for a subsidy of an 80% level. Thus the financial burdens for SAM are increasingly loaded on the organisations of the measures and their co-financiers. Additionally, the national budget is

[42] In 1998: DEM 7.7 billion being equivalent to 7.8% of the BA's budget.
[43] In 1998: DEM 3.8 billion.
[44] DEM 449 millions; 0.45% of the BA's budget
[45] i.e. essentially Third sector plus private households (but in the latter the number of employees is extremely low).
[46] NETS-results for West German third sector organization: 24% of all employees within the Third sector are financed by public employment promotion; in East German third sector organization this proportion even is 54%.
[47] e.g. in Berlin 80% of the ABM-bodies are Third sector organisations. The other 20% are within public organisations. In other communities the share of third sector organization is even higher.
[48] §§ 260, 261 SGB III. Another condition is the additional character of activities done by ABM. The individual duration of subsidy usually lasts one year, by way of exception a prolongation up to 2 years is possible (3 years when the person gets regularly employed afterwards).
[49] §§ 272 bis 279, § 415 SGB III. This instrument is used for structural improvement within different fields (improvement of the environment, social services, sports and culture, urban development, improvement of the living environment, improvement of the economic infrastructure). The individual duration of promotion usually is 3 years, a prolongation up to 4 years is possible when the person gets regularly employed afterwards. For East Germany there are special conditions until 2006 (§§ 415, 434 SGB III).
[50] The maximum amount of the flat-rate subsidy is calculated annually by the average expenditures of the Federal Government and the BA for unemployment benefits and unemployment assistance per recipient of these earning-replacement benefits. In 1998, the SAM subsidy has been maximally DEM 2,162 per month (West Germany DEM 2,301, East Germany DEM 1,930 for full-time employment.) The average annual costs for one SAM-job were about DEM 39,275, mainly financed by the BA. The federal state of Bremen co-financed each SAM-job with about DEM 9,000 by a subsidy programme. The organisation responsible of the measure (employer) had to pay the rest of about DEM 4,300 per SAM-job annually by own means.

relieved by the special construction of the qualifying conditions for SAM in conjunction with the financing of earnings-replacement benefits[51].

However, from the aspect of “fiscal fairness” one has to pay attention to balanced charges as far as possible for all parts - according to their individual capacities - when forming subsidy instruments. This is connected to the political demand requesting for years a higher tax financing for active employment promotion which charges all tax-payers and not calls upon the social security contributions of employees in the first place.

Another crucial result of the research which also confirms the NETS results is the strong dependence of the financial volume for active employment policy on the political situation. Unequivocally, it can be proved that in years in which Bundestag elections were held (1998, 1994) supreme efforts were made to extend the active employment policy. The number of ABM/SAM between March and December 1994 rose nation-wide by 44% (in Bremen even by 67%). However, this high level is reduced again in the course of the year following the elections. In 1995, employment promotion programmes were reduced nation-wide by 22% (December 1994 to December 1995; Bremen minus 26%). In 1998, another year of the Bundestag election, this development is even clearer: increase nation-wide by 134%; decrease in the following year (until August 1999) by 28%. This kind of dependence on the general political situation of active employment policies has a lot of negative consequences:

On the one hand, the tremendous and very short-termed financial push in years of elections cannot easily be turned into qualified employment measures. A sudden rise of some hundred new measures in each greater community can hardly be implemented with useful concepts, vocational training, educational guidance and other well-tried elements which mean good quality in the sense of optimal individual promotion. Probably, this often will lead to measures which are not useful for the target groups of unemployed and which hardly will have any positive effects. Rather, the job promotion will break off after one year and the participants will be left again in renewed unemployment. On the other hand, these great fluctuations lead to a high uncertainty in regard to planning and to frictional losses within the Third sector organisations. Partly, the shortly provided means cannot be used because the difficult technical realisation - especially the bringing in of necessary co-financing means - cannot be done in time. High fluctuation of finance make high demands on management and administration of the employment offices and the organisations.

Enormous financial fluctuation due to elections increase the already existing problem of short-termed and feeble active employment policy[52]. Sustainable concepts which contain vocational and social qualification for the unemployed as well as profit from their job cannot be realized under these conditions. For this a longer lasting individual subsidy duration and an improved planning of incoming money are imperative.

"Cost-benefit analysis"

For a purely fiscal cost-benefit calculation of active employment policy first of all the financial means must be regarded: on the one hand the average expenses for earnings-replacement benefits of unemployed, on the other hand the average costs arising from publicly subsidised jobs. According to calculations on the basis of the Bremen data the average costs of

[51] Since the drawing of unemployment benefits or assistance is compulsory condition for a SAM-job and the unemployment assistance is generally financed by the national budget, the national government is interested in a high share of claimants of unemployment assistance by SAM. For the detailed charges and releases by ABM/SAM for the individual authorities see Schröder, appendix II-A of the Final German Country Report.

[52] Besides the short-termed financial fluctuation there is the problem of frequent changes of the legal basis and guidelines for the promotion of employment (conditions for subsidy, height of allowances and others). The SGB III coming into force at the 1st of January, 1998 has already been changed twice within one year. Further revisions which shall come into force in 2000 are presently under discussion.

net earnings-replacement benefits[53] are DEM 11,000 per year which are financed by contributions to social security and by the national budget. The financing of one subsidised job is on the average (ABM/SAM) about DEM 51,000 annually[54], incl. all management and capital costs for the realisation. This means that active employment policy is no zero option, but needs more financial means than the (average) earnings-replacement benefits. Of course, this does not take into account the indirect benefit of publicly subsidised employment by greater purchasing power, higher tax yield, avoidance of psycho-social following costs due to unemployment, possible gain of productivity, and multiplier effects[55]. Still, we think it is important to note that the often slogan-like demand “Finance work instead of unemployment” cannot be realised without additional costs. Rather, we need more clear political decisions for priorities in the face of mass unemployment as well as in the face of many social fields with demands not satisfied. First solutions for both problems can be developed by a continuous, qualified and reliable public job promotion policy. Partly this is already practised on regional level.

One example for a successful solution within the existing framework is the model project “GAP - public benefit job promotion projects" in the north-eastern state Mecklenburg-Vorpommern[56]. Although this specific model can for various reasons not simply be transferred to the whole Federal Republic, it is still an interesting example for a differently accentuated active employment policy which skillfully combines concrete regional societal demands with the aim of job creation and which is oriented to continuity. This different orientation and objective, and the strong tendency towards a regional-local consent at the realization of active employment policy could be thoroughly transferred to the total Federal State.

But even if an appropriate expansion respectively a reorientation of active employment policy within the Third sector is desirable and wise regarding the creation of new and useful jobs, one thing remains critical: in quantitative respect this kind of employment policy does not make a decisive push to decrease mass unemployment. Active employment policy can only have an - important and especially for disadvantaged persons indispensable - supplementary function. The main responsible for the creation and preservation of jobs is now as ever the private industry.

b) Child care

In the two states studies we investigated the present supply situation of institutionalised child care places compared to the request for different age groups of the children, the public means spent for the services, and an exemplary calculation of employment and cost effects for a demand-oriented extension of child care services.

The following table shows some cornerstones of the supply situation, considering also the distribution of offers by public and private organisations in Berlin and Bremen:

[53] Without contributions to social security.
[54] Estimated on the basis of average wage costs and 15% management and capital costs.
[55] i.e. possible stimulation of production and employment on the private industry sector.
[56] For deeper information about this project see "NETS: Final German Report, Lunaria, November 1999“

Cornerstones of the Supply Situation in Berlin and Bremen (1998)		
Size	Berlin	Bremen (city)
Number of places 0 to 12 years (rounded)	150,000	20,100
Share of nonprofit organization (average)	27% BlnW: 37%	54%*
Share of nonprofit organization according to age groups:		
- 0 to 3 years	14%	99%
- 3 to 6 years	34%	55%
- 6 to 12 years	22%	42%
Supply Quota According to Age Group:		dependent from the basis:**
- 0 to 3 years	27% (E: 44%, W: 19%)	4-7%
- 3 to 6 years	91%	91-95%
- 6 to 12 years	20%	14-17%

* The average share of nonprofit organization on the offers in Germany are 56% (western part 70%, eastern part 30%).
** Basis is either the standard supply (care for at least 20 hours a week; corresponding to the low percentage rate) or all offers (incl. play groups less than 20 hours a week; higher percentage rate).

The estimated need for care units in **Bremen** comprises a total of at least 3,200 places of different time ranges. The additional minimum demand for places is divided into the following age groups:

Estimated Additional Care Demand in the City of Bremen	
Age Group	Additional Necessary Places
0 to 3 years	at least 1,150
3 to 6.5 years	about 1,800 (regrouping from 4 to 6 hours)
6 to 12 years	at least 2,000

Basis of the estimation in the group of 0 to 3 years old are the refused enrolments for places in different organisations in 1998. For the group of kindergarden children the basis were assessments by experts while for the age group of 6 to 12 years old the basis is a poll of parents by the schools medical service.[57]

The additional staff demand for an approximate demand-oriented expansion of child care provision on the basis of the estimated *minimum* demand of 3,200 places (plus a temporal expansion in the kindergarden field) was estimated of at least 360 full-time jobs. Basis were the current number of staff for different kinds of institutions and age groups and a three hours care for 30% of all children in the age of 6 to 10 years. The demand for personnel rises to 500 full-time jobs when a higher degree of 50% for the 6 to 10 years old and a care of four instead of three hours (incl. lunch) is assumed.

The human resources and variable costs necessary for this expansion of the supply were estimated on the basis of currently applied cost calculations due to the degree of supply and the temporal extent of the care. As a result, gross costs of about DEM 27.4 millions[58] would arise for a minimum expansion of places[59]. This sum does not correspond to the real demand of subsidies since the contributions of parents are not yet included. An expansion for an approximately demand-orientated supply[60] would result in gross costs of DEM 37.8 millions.

[57] see Betzelt, appendix II-B of the Final German Country Report.
[58] Allowed for are a share of variable costs of 12% of personnel costs.
[59] Basis 0 to 3 years: real demand for additional places in 1998; 3 to 6 years: transfer of one third of half-day places to part-time places (daily expansion from 4 to 6 hours); 30% supply of children of the age group 6 to 10 years with 3 hours daily incl. lunch.
[60] Basis 0 to 3 years and 3 to 6 years: see previous footnote; 6 to 10 years four hours care for 50% of the children.

These costs estimations base on average charges for public childcare in Bremen. According to an economic expertise for Bremen's Senate the provision of nonprofit organization is generally cheaper by around 14%. Yet, according to the expertise this cost advantage can only be achieved because of worse working conditions in nonprofit organization. [61]

An estimation of the necessary demand for places and personnel[62] as well as incurred human resources costs for the **western federal states** on the basis of the *minimum demand* estimated in Bremen shows the following result:

Estimation of the additional demand of child care in the western federal states	
additional places	about 350,000
additional personnel	about 47,000
incurrent human resources costs	about DEM 3.2 billion

Concluding we can say that within the field of institutionalised child care there is a high demand for additional supply. This demand could be covered by Third sector Organisations if the financial basis was provided. A nation-wide demand-oriented expansion of child care would have noticeable employment effects in qualified professions. Yet, the demand-oriented expansion of child care is limited due to the small financial scopes of the federal states and communities. This could only be solved by an equalization of burdens in favour of the realizing public authority, differently set priorities of the communities and new finance models.

c) Conclusions regarding the impact of policies on public expenditure

Additional jobs can be created in the Third sector by active employment promotion schemes. The fiscal additional load for one new job financed by active employment promotion amounts to an annual average of about DEM 40,000 (20,400 Euro). Accordingly the additional annual load on the budgets for 100,000 new, publicly subsidised jobs in the Third sector would be about DEM 4 billion. This means on the one hand that the equation "Financing jobs instead of unemployment" doesn't work out. On the other hand, the purely fiscal cost-calculation does not yet consider the additional *indirect income* for the public budgets resulting in the economic benefits of a totally increasing employment rate.

The expansion of public demand can contribute to job creation in the Third sector as well. The example of public needs for out-of-family child care shows that about 47,000 additional posts are necessary in this respect in the western federal states. Meeting this employment demand would mean annual additional loads for the public authorities of about DEM 3.2 billion.
The question whether additional public employment schemes respectively an expansion of public demand would mean privileging the Third sector can be answered negatively.[63] The data available suggest - as far as they are to determine - that the present means of public employment promotion for the Third sector do on no account exceed the public subsidies for the private industry sector. Besides active employment promotion or the expansion of public demand are not necessarily at the expense of the private industry sector.

Final Conclusion for Germany

The results of our empirical research[64] show a differentiated picture regarding the employment prospects of the Third Sector. The recent retrospective employment growth being not so

[61] see Betzelt, appendix II-B Final German Country Report.
[62] Projection on the basis of the size of the population.
[63] This question also was evaluated in the city state studies, see Final German Country Report.
[64] Besides the described results of the survey expert interviews with Third sector researchers and practitioners have led to these conclusions. For details see Final German Country Report.

impressive like in the past twenty years, but rather stagnating or even decreasing in some fields, the future prospects of employment seem to depend mainly on political decisions. On the one hand, the priorities in social and employment policy set especially by the Federal government, and the ability for reforming the legal framework of the third sector on the other hand are the main factors influencing job creation in the German Third Sector.

Concerning the previous mentioned factor, social and employment policies, the point is not to simply subsidize new jobs in the nonprofit-sector, but to decide about the future public responsibility for esp. personal social services according to the societal demand. There are many societal areas with needs not yet met (e.g. child care) and which could be (expanded) fields for activity of nonprofit organizations offering rather high and qualified job prospects. Yet, to make use of these new job opportunities public subsidies are indispensable since most of the "traditional" welfare services cannot exist without. If the government still follows a policy of budget consolidation at the expense of social policy the welfare branch of the third sector is threatened by losses of workers as well as declining standards of quality of provided services. The only alternative to this would be a stronger for-profit orientation of the services in those subsectors where paying users could be found.

The second important factor, the legal framework, implies the need for creating reliable, efficient, adequate long-term conditions for nonprofit-organisations as a working basis. Multiple needs for reforms of the legal framework have been observed and corresponding proposals have been put forward in order to allow more autonomy of the third sector from the state and to strengthen self-organisation and self-financing. These reforms are on the agenda both from the view of a draw back of the state from societal responsibilities and from the view of a urgently necessary modernisation of the relationship between nonprofit organizations and the government.

Besides the precarious situation of the "traditional" branches of the German third sector new opportunities of expanding services implying job creation could be observed in the fields of recreation, sports, health care (in a wider meaning, including the new "wellness" products), culture and environment protection. New products are likely to emerge here, promising to be selling to people able to pay for them. However, nonprofit-organisations must succeed in competition with for-profit companies in these new service branches. Modernisation of internal structures, clear and effective participation esp. of users and workers, adequate personnel management and training opportunities are - perhaps not the only, but definitely necessary - prerequisites in this competition on the part of the nonprofits. Certainly these internal reforms are needed in the "traditional" branches of the third sector as well.

Yet, despite of all these positive employment opportunities in the third sector we must not forget that job promotion is not the genuine objective of intermediary organisations. There are and there hopefully always will be organisations working strictly on a voluntary basis, refusing the general trends of professionalisation and marketisation of society. Moreover, all those new job opportunities cannot be the cornerstone for an effective policy against mass unemployment - solely regarding the quantitative limits.

However, the proposed reforms could serve multiple purposes legitimating these policies:

- creating some (ten) thousand new, qualified jobs,
- promoting the services sector in the still industry dominated German Federal Republic,
- modernising and de-paternalising the relationship between government and intermediaries; and, last but not least,
- meeting the needs of a modern, yet social responsible society.

4.2 Italy

In the NETS survey Social enterprises were asked to identify general policies to promote the creation and development of employment in the third sector: answers are shown in the following table.

General policies

General policies to develop employment in the Third Sector	%*
Greater role of public administration	52,5
Reduction of working time	36,6
Creation of the National Civil Service	33,7
Citizen income	28,7
Privatisation of public services	22,8
Expansion of public demand	19,3

* multiple answers

Source: NETS (1998/99)

A greater role of local authorities

A greater role of local authorities, not only in the sense of greater autonomy but also of more resources, is the intervention more requested by the sample (52,5%).

In Italy, Third Sector has its main relation with the level of public administration closer to the citizens, the City Council. In fact, local administrations are the first "donors" of Third Sector Organisations, and they mostly operate at local level. City Councils are responsible for interventions in the fields of social services, environmental care, culture and leisure time.

City Councils still manage the traditional tasks/functions of aid to the "poors", care for minorities, children (kindergardens), elderly, disabled people.

To such traditional tasks, new ones were added in the last years: City Councils often offer information services (for youth, women, unemployed); services for social inclusion of disadvantaged people such as immigrants, refugees, drug-addicts, disabled; services for families.

New services such as basic income, centres for families, self-help networks, local exchange trading networks (LETS), services for employment, are still in the experimentation phase.

The intention of the Italian Government is toward a decentralisation process which transfers autonomy, functions and resources from the central Government to local authorities. The problem is to balance the gap between the right of every citizen to access services and the request of growing personalisation. In Italy this is particularly true due to the great differences in the social and economic development between North and South of the country. Just an example: in the regions Emilia, Toscana, and Umbria the supply of service of kindergardens children from 0 to 3 years covers from 20% to 30% of the demand (Ufficio programma CGIL, 1999).

In the relationship between Third Sector Organisations and local authorities, as the Forum Permanente del Terzo Settore requested, it is necessary to introduce clearer rules for public tenders, which assure the rights of workers and employees and guarantee standards of social quality, deleting the phenomenon of the so called "gare al massimo ribasso".[65]

Reduction of working time

Last year, the issue of the reduction of the working time was at the centre of the political debate in Italy and France as a consequence of a bill proposal to fix the weekly working time to 35 hours. Though the attention to this policy progressively faded away, the 36,6% of the NETS sample indicated the reduction of the working time as an effective policy.

[65] In Italy the criteria to contract out public procurements in the fields of welfare services has been for a long time that of the lower costs for the public administration.

Analysis and surveys proved the benefits of this policy both from a social and an economic point of view (Cette and Taddèi, 1994, 1997; Agostinelli and Ravaioli, 1997; Mazzetti, 1997).
The results of the most updated analysis on the case of France (Cette e Taddei, 1997) show that the adoption of “the 35 hours system” will create 1.200.000 jobs in five years, reducing unemployment by 850.000 units and an effect on inflation by 1,5%.
As many authors underlined, there is not an automatic effect between shorten working times and new jobs: it is necessary a general strategy to create them.

The time freed from work can be addressed to new communication and information technologies, cultural and social services, environmental care, care services creating an additional demand for services which could be offered not only by the market but also by the third sector. The free time produced by the shortening of the working time could be used for volunteering in third sector activities. The shortening of the working time can stimulate both the demand for third sector activities than the supply.

The National Civil Service

Conscientious objectors and volunteers represent a great proportion of the total human resources active within social enterprises. According to the JHU research the conscientious objectors active in nonprofit organisations were 14.529 in 1991. In 1996 the total number of conscientious objectors amounted to 31.062 while the requests to 47.824 (Donati and Simoni, 1998). The growth of this phenomenon (requests for civil service passed from tens to over 47.000 in 20 years) contributed to the development of the Third Sector.

Now third sector organisations ask for a measure which has its roots in the experience of the conscientious objection: the National Civil Service.
In February 1997 the Government submitted a bill to reform the law on conscientious objection (l.772/72) and to institute a National Community Service (NCS).
NCS would introduce some radical changes: not only conscientious objectors, but also youth could freely choose the NCS, as well as those young persons (male and female) between 18 and 26 years old wishing to serve as volunteers; youngsters in the framework of NCS will be active in the fields of culture, environmental care, education to peace, social integration of disadvantaged people.

The growing attention to the experiences of civil and voluntary service is witnessed both in Europe and in many European countries by the large number of initiatives and measures.

In 1996 the European Commission instituted the European Voluntary Service (EVS), a programme directed to young people from 18 to 25 years old to enable them to participate in a project of social utility and community development for a period of 6 to 12 months.
From 1996 to 99 EVS involved over 5,000 young Europeans. The objective is the promotion of citizenship, training and employment opportunities for young generations.
Policies and programmes such as the *Citizens Service* (Great Britain) and the *National Corporation for Civil Service* (United States) go exactly toward the same direction.

From an international research (Donati and Simoni, 1998) conducted in 4 European countries to evaluate the impact on training and employment of these experiences emerged that the voluntary service is often a unique opportunity to acquire professional skills and enter labour market. NCS can be an opportunity to pass young people values, experiences, and activities of the Third Sector.

The Citizen Income

The introduction of a scheme of the so called Basic Income is requested by 15% of the NETS sample. This policy is one of the most discussed at both national and European level. The theoretical debate is very rich.

In the whole European Union, Italy and Greece are the only countries where general measures of basic income do not exist. Italian government experimented a scheme of Basic Income (Reddito Minimo d'Inserimento - RMI) based on the proposal of the Commissione Onofri.

RMI ensures a monetary subsidy for people with a monthly income less than £. 500.000 (around 250 Euro). RMI is calculated on the basif of economic and social conditions (children, disabled persons in the family, etc.). The beneficiary of the programme participates to a personalised project for his social integration. The innovative elements of this programme are:

- the programme is managed by local authorities;
- in the project for social inclusion of the RMI beneficiaries, Third sector organisations are involved.

RMI is still under experimentation in 39 cities (it will end up in the year 2000), but its first results are as follows: 27.754 people benefit from RMI: 90,1% live in Southern Italy; the average subsidy is around £. 871,000; 7.000 people participate to projects for social inclusion.

Although it is too early for a general evaluation of RMI, some inconveniences of the programme are already clear: the need for a general reform of the Public Administration (lowering the negative impact of bureaucracy); the need of this programme to extend this measure; the need for new limits to identify the poverty threshold. The Government's proposal is to mingle this programme with the new law on social assistance.

Another generalised scheme is the one proposed by the Italian Green Party: the "Salary for Social Activity" (SSA). SSA is a general subsidy offered to everyone, for the realisation of socially useful activities, within Third sector organisations. The innovative element is that SSA is offered also to employees who decide to dedicate part of their working time to socially useful activities: in this case SSA would integrate their salary.

It has been calculated that if SSA is given to all unemployed or underemployed persons (around 2.763.000) the public expenditure requested would be of around 14 billions Euros.

The SSA is temporary (maximum 5 years) in order to stimulate the third sector organizations to become autonomous and independent from public resources, to fight against unemployment and to better the reorganisation of life time.

Other specific measures

Besides general measures which affect the whole economic and social system, policies directed to specific fields of activities can be implemented to develop employment in the third sector.

In Italy the question of care services for non-autonomous persons (such as children, elderly, disabled), and the analysis shows a small proportion of satisfied demand. with regard to the potential needs (De Vincenti - Gabriele, 1999).

Based on the multiscope survey on the home consumption of Italian families realised in 1996 by ISTAT (National Statistical Institute), the analysis of the two authors identifies data and potentiality for the development of the so called social-quality-markets:

- *Children care: i*n Italy, according to the multiscope survey, there are 5.275.000 families with children up to 13 years, and only 196.000, less than 4% have a baby-sitter, as in most of the families there is an adult retired or working part-time. The frequency rate of baby-sitter is higher in mono-parental families; it is positively correlated with income and it is higher in Central and Northern regions than in the Southern ones. Among those families with children which do not employ baby-sitters, in around 2.156.000 families there is an adult engaged in extra-domestic activities and great part of families, 1.266.000, cannot guarantee the presence of any adult.

- *Elderly and Disabled Care:* according to ISTAT survey, 358.000 families benefit by non-sanitary services, but the potential beneficiaries of non-sanitary assistance are estimated in around 2.255.000 families; 949.000 persons benefit by sanitary assistance to disabled people, but 2.205.000 families with disabled persons do not profit from any service, and among these 884.000 families with disabled persons with very low autonomy.

In both cases, such unsatisfied demand could be covered by social enterprises. The study of De Vincenti e Gabriele (De Vincenti and Gabriele, 1999) evaluated several scenarios in the social-quality-market, on the side of creation of real demand and supply.

De Vincenti and Gabriele proposed a model to evaluate the creation of employment and the impact on public expenditure caused by the introduction of a voucher of deductibility of expenses. The model is limited to some services of proximity (children care, elderly and disabled care, domestic services). In the first case the voucher covers the 50% of the cost of the service. The impact on public expenditure has been evaluated multiplying the amount of the voucher for the amount of old and new consumption units.

According to these exercises, an increase of consumption and consequently, employment, could be produced by the introduction of this measure. The additional public expenditure would be compensated by the decrease of tax evasion and the growth of tax revenues. Since the voucher is offered to regular and legal transactions, a lot of transactions which are now in the black economy would emerge. Excluding the case of domestic services, far from the reality of the third sector, the results are extremely interesting: 82.152 new jobs could be created with an additional amount of public expense by 1.779 billions lire.

On the ipothesis that such an increase is destinated by 50% to third sector organisations, this means around 41.000 new jobs in the third sector.

Environment

On the basis of the European study on employment in the field of environment, the so called "green jobs" raised from 1 to 3,5 millions and the employment growth rate is doubled compared to the rest of the economy. From 1994 to 1997 employment in the field of environment grew by 1% every year, while the general trend of employment increased by 0,5%. (European Commission, *Employment in Europe 1998*, 1998, p. 124).

From the ECOTEC research, in our country, employment directly connected to environment created around 100.600 jobs, 0,5% of total employment; the indirectly connected creates around 65.000 jobs, that makes a total of 165.600 green jobs. Moreover, in Europe by the year 2020 500.000 jobs in the field of renewable power with an investment of 180 billions Euro could be created (European Commission, 1998).

In the European Union, on average over 42% of total taxation is on labour. One of the suggestion of the European Commission is to lower the taxation on labour and to increase it upon other factors, such as non-renewable power sources.

A qualitative research by Cecop based on the analysis of 10 case-studies (Italian social co-operatives involved in the field of environment), suggests that also in our country there is a great employment potential in the field of environmental care within social economy (Cecop, 1999). According to CGM (the main consortium of social co-operatives in Italy) databank, around 40% of B-type social co-operatives are involved in environmental activities, such as parking maintenance, gardening, waste disposal, compost treatment, etc.

Reforming the Welfare System in Italy

In Italy the evolution of the welfare system has been characterised by some peculiarities. All European Union countries spend the same amount of money for social policy, but Italy presents a particular composition of expenses.

The amount of resources for pensions is higher than in other European countries, the expenses for the sanitary system are on average with the other European countries, the expenses for family protection and housing are much lower than in the rest of Europe.

In the Italian welfare system, there is a great difference between the protection guaranteed to employees from the regular "labour market", and the kind of protection guaranteed to the other categories of workers (or ex workers) and the unemployed persons.[66] One of the main problems of the Italian welfare system is that the border line between the concept of pension and social security is not clear.

The national statistical institute (ISTAT), the Commissione Onofri, and the national social security institute (INPS) propose three different methods to classify the expenditure for pension and social assistance,[67] and the proportion of social assistance to the total of social protection expenditure ranges from 7% in the first case, to 15% in the second case and to 29% in the last model. Whatever definition of the social security scheme we consider, two main elements emerge[68]:

- the great amount of resources is directed to pensions than to social protection;
- in the last 10 years the proportion of expenses for social assistance didn’t change.

In 1997 the Italian Government elected a special "Commission" (Commissione Onofri) to analyse the macroeconomic compatibilities to social expenditure.

Main proposals have been the following:

- the proposal of an organic bill reforming the system of social protection;
- the creation of the ISE (Indicator of Economic Situation), an instrument to certify the economic situation of the beneficiaries from social protection schemes;
- the creation of new social programmes: the National Fund for Social Policies, the Basic Income scheme (Reddito Minimo di Inserimento) the subsidies for families with three children (A3F), the subsidy for maternity (AM).

Although such measures are new for Italy, we cannot say that we are facing an organic reform.

The bill proposal for the reform of the social assistance

The bill proposed by the Government, in this moment under discussion at the Parliament, draws a new system for social services. Main innovative elements are:

- the proposal of a new integrated system of social protection, in which local authorities, regions, and the State are involved;
- the recognition of the role of the Third Sector and the promotion of the social economy (the bill states that "to the programming and managing of the social services participate Third sector organisations");
- the creation of a National Fund for social policies;
- the introduction of the two principles of planning and evaluation;
- the generalisation of the Basic Income Scheme (RMI).

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[66] The pension for a regular employee can be four times higher the social security (pensione sociale), while in the other European countries the proportion is one to two. The unemployment subsidy (mobilità) is double the general unemployment subsidy, while in the other European countries the unemployment scheme is more general.

[67] G. Rossi, "I servizi alla persona in Italia: risorse, obiettivi, norme e cultura" in *Lo Stato sociale in Italia. Bilanci e prospettive,* Donati P. (ed.), Mondadori, 1999, p. 173-177.

[68] G. Rossi, "I servizi alla persona in Italia: risorse, obiettivi, norme e cultura" in *Lo Stato sociale in Italia. Bilanci e prospettive,* Donati P. (ed.), Mondadori, 1999, p. 177

In the proposal for the financial act 2000 the resources dedicated to the new system will be 1,900 billions lira.

The action of the third sector

In Italy the main national Social Enterprises created in 1994 an umbrella organisation named “Forum Permanente del Terzo Settore”, which is now composed by 81 organisations and over 15 regional agencies. The Forum gave representativiness and visibility to most of the Italian third sector and its lobbying activity has often been successful, so it has been now recognised as a social counterpart by the Government.

In February 1999 the Forum and the Government signed a pact (within the general Pact for Employment and Development signed by the Government and the different social counterparts). The Government took the following commitments:

- to consult the Forum in all policies regarding the third sector;
- to extend fiscal benefits for SME to social enterprises (at the moment a technical Commission is defining the concept of social enterprise) ;
- to introduce the fiscal deductibility of expenses for social and health services (this measure has been introduced with the Budget 1999 and it is proposed in the bill on social assistance);
- to monitor the new fiscal law on Onlus (the fiscal law 460/97 introduced a fiscal register for Onlus which was not drawn so far);
- to promote the discussion of different bill proposals regarding the third sector, such as the bill on the figure of the working-member in social-co-operatives, the bill on the National Civil Service, the bill to reform amateur sport, the bill on "social association";
- to orient labour policies, such as the so called jobs of social utility, toward the third sector;
- to institute the Authority for the third sector;
- to reduce VAT on labour-intensive services, such personal and community services;
- to complete an organic legal reform for the social enterprise.

At the same time, the Forum committed itself to the following activities:

- to investigate, on a large scale, the structure and composition of the Italian third sector (economic, and financial structure, employment, etc.);
- to self-rule some phenomena, (such as the role and activities of the volunteers, the democratic procedures within third sector organizations, the transparency of donations, etc.) through, for instance, the adoption of ethic code and agreements.

9 months later, most of the commitments of the Pact have not yet been realised by both the counterparts. Moreover, some policies adopted by the Government have been criticised by the Forum (the new bill on the conscientious objection), and many third sector organizations have been deeply engaged in the peace protest against the Italian participation to the war in Kossovo.

The Forum has been very active also on the debate to reform the Constitution. In 1998 the Forum participated in the popular petition to introduce the principle of subsidiarity in the Constitution which collected over 1 millions signatures. The debate on subsidiarity has been very rich in Italy[69].

The role of the third sector has been recognised also in the field of the fight to unemployment. A special commission on "Third Sector and employment", with the participation of representatives of third sector organizations, has been active within the Ministry of labour, and representatives of third sector organizations participated to elaborate the new plans for the European Structural Fund 2000-2006.

[69] cfr. Erika Lombardi (ed.), *Terzo settore, sinistra e riforme*, Lunaria 1999; Lunaria, *Terzo settore, ussidiarietà, concertazione*, Lunaria, 1999.

The Italian government accepted to dedicate 1% of the total ESF to policies against social exclusion and to promote the third sector: this means that to the third sector 230,000,000 Euro out of the total amount for the ESF is of over 23 billions Euro.

Labour policies
In Italy in July 1999 the average unemployment rate was 11,1% (ISTAT, 1999) but the Italian labour market varies very much according to gender, geographical area and age. Male unemployment rate is on average 8,5% but raises to 27,8% for the young men from 15 to 24 years; the female unemployment rate is doubled (15,2% on average and 34,4% for young women from 15 to 24 years). Another important element confirms the historical economic division of Italy: unemployment rate is 22,4% in the South, 8,9% in the Centre and 5,4% in the North.

The most important act of the government regarding labour policies is the law 196/1997 which introduced new measures, such as a job promotion programme and the agencies for temporary jobs. It is too early to evaluate the effects of these measures but it seems that they did not contribute relevantly to the fight against unemployment. Contrary to the mainstreaming opinion, the Italian labour market is characterised by a great flexibility, as the data on employment from the NETS survey confirm.

In the field of employment, third sector can play a fundamental positive role enabling the re-integration in the labour market from disadvantaged people, offering training opportunities, promoting the creation of social enterprise.

The only risk is that the third sector becomes a kind of B-labour market, for "weaker subjects" who cannot compete in the A-labour market, which is the private market and the public administration. It is of use to experiment all the measures available to promote the employment creation in the third sector, such as an orientation toward the third sector of subsidies jobs, the extension of tax benefits for SME to social enterprises, but to avoid that all those measures are just short-time and not effective, it is necessary a strong co-ordination, and programming among the different measures, and enough resources.

4.3 Spain
From the survey results we conclude that the different aspects affecting the level of employment of the Spanish Third Sector are the legal form, field of activity and amount of budget. Nonetheless, we are dealing with a sector which in general is experiencing an important growth: more than 70% of the studied organisations assessed that their employment has risen and the total amount of paid personnel has increased by 63% between 1995 and 1997. Another important trait is that the labour structure of the third sector organization is quite young: almost 50% of the paid personnel is between 31 and 40 years old, and one third of the workers is younger than 30.

Associations employ less paid personnel than the organisations of the other legal forms, whereas Foundations have a great amount of employed personnel and, on the other hand, a more stable labour structure. The legal form should not be a significant element concerning the creation of new positions. However it is certain that in Spain people relate associations to a kind of organisation with a lack of continuity of the governing boards as well as a high volatility due to the assembly democratic process. Nowadays, it seems that the society has just discovered the foundations, and these have become fashionable making people involved in third sector organization feel that they are the panacea to their problems. All this has provoked a lot of associations to create foundations in order to improve their daily functioning and also to try to obtain certain tax advantages.

The fast growth of the Spanish Welfare State has provoked that the non-profit organisations working overall in the personal, community and social services field, have had to increase spectacularly its programs and services provided. However, the lack of democratic culture and the little confidence of the public administrations, have involved insecurity in the organisations in relation to the programs that they are carrying out. This fact also explains the labour precariousness detected in the non-profit sector, mainly in the Welfare field (one of the fields employing more people), together with the field of civil rights advocacy and, at a lower degree, the culture field.

It seems evident that the organisations with the greater budgets have more opportunities to hire paid personnel. When an organisation hires personnel it has to assume a more complex management, in order to cope with the bureaucratic paperwork that the insatiable and obsolete public administration demands.

The proportion of incomes from public institutions, on average terms, for the whole of the organisations is 57%. Only 10% of the incomes come from private institutions, 17% from internal funds, 6% from the sale of goods and services, 4% from financial incomes and 4% from other sources. In general terms, the income typology proportions remain very stable for all the different kind of organisations. One of the possible explanations is the decentralisation, political as well as administrative, that Spain has experienced in the last 20 years. Therefore, municipal governments finance the smaller associations and the state and the *autonomous communities* finance the larger organisations.

Concerning the expenses, the studied third sector organizations follow almost exactly the same trend: they all are labour intensive assigning half of the budget to "human resources cost". With regard to the main fields, the expenses of human resources surpass 50% of the budget in these organisations devoted to Welfare, Education and Health Care. These oriented to Rights Advocacy and Culture show an index of expenses for the other costs in 40% or more, whereas they set aside a third of their budget for human resources.

A strong dynamic growth of employment opportunities is affecting the Spanish Third Sector, which will continue unless significant changes in the western economic conjuncture happen. Notwithstanding it is still under-developed, and because of its youth, there are still possibilities for an employment growth. In this sense, we observe that the majority of people employed is between 20 and 40 years old (approx. 80%) and there is an enormous lack of people within the 40-65 age group. Probably it is because this is the generation (31 to 40) which is building the Third Sector in Spain. Our hypothesis is that in following years, the pyramid of age of the third sector will be quite balanced, even though the younger groups will remain better represented in comparison with the other economical sectors due to the inherent dynamic of the third sector.

Employment in the Spanish Third Sector has large potential of growth. The level of development will depend on several factors but we can summarise them in three:

- **The democratic development**. A deficit of participation exists in the Spanish society, which results in a weakness of the civil society and because of that there are a reduced amount of job placements in the Third Sector. Once a democratic maturity is reached then the participation will be incremented as well as will be, consequently, the non-profit organisations. All this will be translated into a significant rise in the employment.
- **The reform of the public administration.** A program of de-bureaucratisation and simplification of the relationship between third sector organizations and public administration is necessary. This should be accompanied by a change of habits of the political class and the public managers in order to promote the cooperation and the dialogue

- **The level of development of the Spanish Welfare State** and particularly the policies aimed at the full employment and the reduction of the labour precariousness. Thus, we foresee an expansion of the Welfare State reaching a social conversion with the European countries. This will involve an important widening of the third sector in the welfare area and, therefore, in the employment opportunities.

The future of the employment in the Third Sector will depend on public decisions. However, from our point of view the current policies derived from the "unique thought" make it difficult to be optimistic. Nonetheless, these neo-liberal policies constantly clash with a majority of the population, which demand public powers to make decisions in the direction of a major concern about equality and freedom.

Policies

An important way to create employment in the Third Sector is to generate real policies supporting the associative world. In the NETS survey we have observed that the dimension of the entities measured in number of members and amount of budget is determinant to create employment. Because of that is necessary that public administrations increase the resources allocated to entities and associations in two aspects. The first of them is to promote the access to their own premises and meeting spaces and to rise the amount and quality of the resources. The second aspect concerns the economic resources, which are determinant as they allow them to hire personnel and to have a stable staff. In this sense, pluri-annual conventions should be promoted to the detriment of the finalist grants.

A change on the approach of the public administrations towards the Third Sector will help to its development and will promote the employment creation. Public administrations must understand the Third Sector as a school of active citizenship, which implies a redefinition of the role of the public administrations based on the subsidiarity principle.

It is necessary that financial entities (bank and saving banks) organise training activities addressed to their managers with the aim of making them understand that the third sector will be in the near future one of the most important business areas.

It exists a clear deficit regarding private donations towards third sector organization. This fact is due to two main aspects. Firstly, we have to cope with the lack of tradition existing in the domestic economies to give donations to those organisations. It used to be a value transmitted from parents to children and used to mean an element of cooperation with and belonging to the community affairs. A second difficult aspect private donations stems from the lack of fiscal incentives. Thus, it would be necessary to renew the fiscal normative for each kind of third sector organization in order to make donations viable. This will provide the organisations with a higher degree of independence

In short, it is indispensable to rethink the fiscal legislation concerning the third sector organization from the perspective of the growth of the sector as well as from the social and cultural initiatives, instead of carrying on designing these norms form the view of incrementing the tax collecting. Besides, fiscal exemptions concerning third sector organization should be clarified and enlarged.

There are other great variety of different lines of intervention in order to promote the employment:

7. support to the day-to-day functioning of the organisation's structure;
8. support to the professionalism of the third sector organization. Nowadays, the wages are quite low in relation to the responsibility and the professional degree required;
9. support to the hiring through advantages to take on personnel;

10. simplification of the contractual modalities and, therefore, of the access to the advantages (reduction of the social security share paid by the organisation, etc.);
11. creation of a specific contract for the third sector and a collective bargaining;
12. compulsory for the public administration of hiring non-profit organisations to execute certain kind of social and community services.

Last of all, we consider the ideological background of the policies oriented to the Third Sector, particularly in our country. The question that must be taken into account is the debate concerning the necessity of reform, and even reduction, of the Welfare State. Neo-liberal ideas propose the reduction of the Welfare State provision in the long term to convert it into a residual Welfare State. According to that approach, the Third Sector should be the provider of the social services of this residual Welfare State. Moreover, this approach confuses civic entities with enterprises which supply social services.

From a progressive point of view, the interpretation of the Welfare State and the Third Sector is completely different. On one hand, we consider that the Welfare State has still a long way to cover and its widespread is required in order to socially converge with Europe. On the other hand, the collaboration of the public administrations and the Third Sector is required. The third sector will be an instrument of democratic participation that will progressively convert the Spanish society into a participative and civic society. The role of the Third Sector must not be understood as substitute of the duties of the Welfare towards its citizens, but as a complement of it. For example, third sector organizations could expand and implement new social services oriented to:

- domestic help and attention to elder and chronic ill people;
- widespread of the children' education right from 0 to 3 years old;
- expansion and/or creation of domestic services for disable people;
- development of active policies and extension of reactive policies against the social exclusion;
- promotion of activities oriented to the environment preservation and nature conservation.

Evaluating the Impact on Public Expenditure

The following data have been obtained from the NETS research and from available data concerning the Spanish Third Sector. The GDP of the Third Sector in Spain oscillates around 9.956.913.442 Euro, which represents 2,12% over the total GDP (keep in mind that the Spanish GDP in 1997 on market prices was 468.164.388.830 Euros). This figure is the so-called Third Sector GDP, which facilitates the comparison between data concerning the countries of our same context because it has been calculated according to a similar methodology as the EU.

If we add to the GDP of the Spanish Third Sector the "hidden" work of the volunteers and conscientious objectors to the final figure, the total amount rise to 14.638.910.389 euros, which represents 3,12% over the total PIB. We have to deal with this "hidden" GDP with prudence, because this is not comparable to the Third Sector' GDP registered by the European Union countries since the available data concerning their Third Sector are based on calculations over the real GDP of the third sector. Likelihood, if we could have the "hidden" Third Sector GDP of the EU countries, the distance will be quite similar as the observed for real GDP. The next table shows the real Third Sector GDP regarding the countries of the EU.

Spanish Third Sector. Economic quantification 1997 (in Euros)	
GDP of Third Sector (Federations, Associations and Foundations)	
Total Budget of Federations, Associations and Foundations	9.956.913.442
Third Sector "hidden" GDP	
Economic quantification of the volunteers' "work"	3.431.152.019
Economic quantification of the conscientious objectors' "work"	1.250.844.928
Economic volume of the Spanish Third Sector	14.638.910.389

With regard to the number of workers, the working population in 1997 was 16.265.190 people according to the *Encuesta de Población Activa (EPA).* The total amount of Third Sector workers (Associations, federations and foundations) represented 2,27% over the Spanish working population. This figure will increase some tenths if we add the amount of people working in Labour Corporations and Cooperatives of associated work that are also part of the third sector -- but we do not know that figure due to the insufficiency of the sources.

Total number of workers employed in Associations, federations and foundations. Spain 1997	
Total number of workers employed in Associations, federations and foundations	370.680

Although it is a heterodox calculation, it is interesting to estimate the proportion over the working population resultant of adding the amount of third sector workers (Associations, Federations and Foundations) and the conscientious objectors (105.197). The percentage obtained is 2,92% over the working population.

In order that the Spanish Third Sector employs a number of workers similar to the European average, it will be necessary that the proportion of Spanish workers in the Third Sector over the total working population rise from 2,27% to 3,5%. It will imply to evolve from 370.680 third sector' employees in 1997 to 569.281. The required increase to reach this rate is about 198.601 people, which represents a growth of 54%. In the light of these data it seems evident that policies supporting the Spanish Third Sector have to be enforced if we want to create employment at the pace that will allow Spain to converge with Europe, in this field as well.

5. Dissemination and exploitation of results

The results emerged from the project have been broadly disseminated among diverse target groups and through different means. The following table summarises the dissemination strategy, providing and assessment of the quantity of persons reached:

Target	*Working papers*	*Books*	*Conference and seminars*	*Web site and e-mail*	*Newspapers and other media*
scientific community	250		250		
students	500		50		
policy makers	50		50		
third sector representatives	100		50		
journalists	50		50		
Total	950	?	450	5,000	25,000

Working papers: they were distributed during each public event (conferences and seminars). We are considering here not only the ones directly envisaged by the project but all working papers presenting and discussing the results;

Books: publishing the books constitutes the final step of the project. Thus we have currently no data to assess the degree of dissemination they (will) have.

Conference and seminars: we are considering here both activities scheduled in the project (the International Conference and the National Fora) and the participation to any other public event of such a kind. I.e.: in July 2000, during the International Conference held by the ISTR (International Society for Third Sector Research) in Dublin, a panel has been dedicated to the NETS project, where the three research groups have presented the final results and possibilities for follow-up. NETS researchers have participated in many other conferences inside and outside the countries under study.

Web site and mailing lists: since the beginning of the project a web site has been updated, containing the presentation of the research and the main findings (in English and Italian). All deliverables have been made downloadable. The site is still active.
http://www.lunaria.org/tertium/ricerca/conclusi/nets/default_e.htm

Newspapers and other media: articles have been published on wide audience specialised journals in Italy and Germany. In Italy Carta (20,000 copies issued), Vita (15,000), Il Salvagente (40,000), Avvenimenti (20,000). Some radio and local television interventions have been realised.

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