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1 Introduction

The European countries under study experienced different political legacies ranging from authoritarian communist rule to conservative liberal model of the Netherlands where the third sector forms an integral part of the social fabric of the country and is deeply embedded in the institutional design of the welfare state. The favorable position of the third sector in corporatist countries contrasts with the situation in post-communist countries where TSOs were repressed by an authoritarian state which kept the third sector very small. Thus, the sector departed from different starting points: In the Eastern European countries the sector departed from scratch against the background of an authoritarian state with low social anchorage in contrast to the tradition of the third sector in corporatist countries where it enjoyed a privileged position as service provider and its deep rootedness in society. Although we regard history as an independent variable shaping the different configuration of the third sector we observe trends of convergence throughout Europe. First of all, the policy environment of third sector organizations changed in favor of neo-liberal approaches favoring market solutions for public problems instead of subsidiarity. The introduction of new public management practices and emerging social markets induced cost and efficiency pressures on TSOs. Secondly, individualization threatens the societal ties of the third sector organizations as ideological bonds to TSOs are eroding. Consequently, TSOs cannot count on a natural stream of volunteers. Additionally, the character of volunteering changes in favor of temporary engagement and a continuous fluctuation of members’ needs to be managed. Notably, volunteer governance structures cannot be maintained. Thus, the current organizational model of the third sector is losing its basis. Third sector organizations have adapted to the increasing hostile environment by becoming more business-like to survive in a competitive market. Secondly, organizations increasingly "manage" volunteers while the governance structures are thoroughly professionalized. Both developments contested the position of the sector and changed the way the sector functions.

The first part of the report provides an overview of the common barriers third sector organizations face across Europe. In the second part we highlight some of the specific challenges of third sector organizations in the organizational fields we investigated: sports, social services and arts and culture. In the third part we scrutinize some of the specific challenges of TSOs in particular country regimes. In the last part of the report we summarize the organizational strategies that contribute to the resilience of TSOs that

2 Common Barriers

2.1 Between Individualization and Neoliberalism

Despite the overall third sector growth, TSOs have to survive in an increasingly hostile environment. Third sector organizations are coming under heavy crossfire from two sides: On the hand the rise of neoliberalism set in motion the proliferating of markets in areas of a traditional public and third sector dominance which leads to efficiency and cost pressures for TSOs (Crouch 2011). On the other hand, individualization leads to growing horizontal and vertical mobility of citizens. A heterogenization of classes nourished the dissolution of milieus, neighborhoods and family structures. The set of available choices, norms and values is diversifying which is also reflected in increasingly individualized needs of citizens (Beck 1983, 1986, Scheuregger 2011). Against this background the concept of volunteering and classical membership with a high voluntary commitment is thoroughly changing as volunteering becomes more fluid and of temporary nature which challenged the portfolio structure of TSOs and the traditional voluntary based governance model.

The forces of the market and the notion of efficiency have intruded most areas of modern European societies. Neo-liberalism favors a lean, minimal state that should refrain from interfering in social and economic matters and leave it to the market which possesses the most eligible instruments to tackle socio-economic challenges. Through more efficiency welfare gains are supposed to be achieved. In this context, public tasks are increasingly organized via the market following a social-investment-logic. Market instruments are applied to pursue social goals. Moreover, public tasks that were traditionally considered to fall within the responsibility of the state are privatized. Against this background, structures of public administration have been marketized. The concept of new public management has been implemented which stipulates the adoption of management instruments from the private sector for the public administration. In this context, competitive tendering procedures where introduced where TSOs are competing against each other and commercial providers (Crouch 2011). Additionally, the concept of consumer choice has gained popularity among social policy makers. Here, citizens are
vested with consumer rights and buy the service on the social market. Often the price is a decisive factor to be “bought” by the public administration or individual citizens.

The marketization of social policies has been accompanied by rigid regulation ensuring transparency, quality and (cost) effectiveness of the activities of heterogeneous set of providers. The terms of delivery are strictly defined by public authorities forcing TSOs under rigid reporting obligations which lead to bureaucratic pressures for TSOs.

The challenges TSOs face can be derived from these two mega trends, individualization and neoliberalism, which threaten the dominant organizational model of the third sector.

2.2 Managed Volunteering: Individualized volunteer patterns

Traditionally, citizens have been integrated into specific social milieus which were thoroughly structured by third sector Organizations. The process of individualization described above lead to an erosion of existing social structures and gnawed away the social base of third sector organizations. Volunteers or members are not born into an organization and do not inherit an engagement anymore. Stakeholder reported that their member organizations (e.g. associations) were often managed as a family business. They were maintained by the offspring of the founder and the membership at the board level was passed on from generation to generation. However, the upcoming generation is more mobile with frequent moves and job transitions which leads to an averaging of the membership and in particular of the composition of boards.

As the bonds to third sector organizations have eroded a continuous supply of volunteers and members does not automatically occur anymore as volunteers have to be actively retained. Additionally, the mobility of citizens increased. Hence, volunteers are increasingly engaged on a temporary basis and personal goals play a decisive role for taking up a volunteer job rather than the commitment to an organization. As the engagement has become more fluid and flexible a continuous influx of volunteers and members has to be managed and integrated into the work flow. TSOs increasingly devote resources to a volunteer management system in order to cope with the growing fluctuation.

Against the background of declining social anchorage third sector organizations have to create awareness of their mission and sell the image to potential members and volunteers. Thus, 73 % of the surveyed organizations regarded limited public awareness of their organization as a serious problem. As a consequence, organizations increasingly
engage themselves in establishing a unique selling proposition and invest heavily in professionalized marketing campaigns to gain foothold on the volunteers’ and donors’ market. The mission of the organization is professionally marketed in order to be attractive. Lobbying and the sensitization for topics as one of the core functions of TSOs are increasingly outsourced to commercial agencies. Public affairs management and campaigning in particular are progressively carried out by for profit public affairs agencies (Speth /Zimmer 2015).

Similar mechanisms are observable for the recruitment of members. Potential members have to be actively recruited often with the assistance of specialized agencies. Principally organizations that heavily rely on members outsource the member recruitment. In some instances, they outsource those activities to limited liability companies keeping a full share of the newly created body. In other cases TSOs commission for-profit agencies to carry out the member recruitment. Those for profit agencies work for very different, even directly competing TSOs regardless of their policy or ideological orientation. Lobbying for the organizational mission and recruiting members, widely considered core functions of TSOs, has become an interesting business field for commercial actors.

Additionally, the time budgets of citizens are becoming more constrained and restricted which stand in a way of a long term and time consuming commitment. The limited availability of volunteers is particularly challenging for the institutional logics for those TSOs where members are not only consumers but producers, organizers and decision makers in their own right. It becomes increasingly difficult to appoint volunteer board members as potential volunteers are hesitant to take up responsibility and commit themselves for a longer period of time. Instead members are increasingly service oriented and “consume” activities of TSOs.
The problem pressure is exacerbated by the fact that accountability and transparency requirements exceed the time and knowledge capacities of volunteer board members. Consequently, governance structures are professionalized (see following section). The contribution TSOs make to a participative and democratic society by providing an open, participative space where one can learn democratic behavior in the sense of de Tocquevilles “schools for democracy” seems to be jeopardized:
In a nutshell, volunteer work is reported to be more flexible, informal, project based and not directly linked to organizations. Long term commitment is on the retreat which is best exemplified by the difficulty of recruiting board members while engagement, which is of temporary nature, enjoys a high popularity, e.g. organizing single events (Bežovan et al. 2016, Brandsen et al. 2016, Chaves-Avila et al. 2016, Zimmer et al. 2016, Mohan et al. 2016, Leš et al. 2016, Petrella / Richez-Battesti et al. 2016, Simsa et al. 2016).

2.3 Down by bureaucratization: Increasing reporting obligations and bureaucratic requirements

Throughout Europe we observe a rise of Neoliberalism which favors market solutions for public problems and likewise a cultural shift from a trust-me to a prove-me-culture which demands from TSOs to demonstrate their effectiveness and efficiency. Consequently TSOs are under permanent bureaucratic stress to report to their funders. In all European countries under study new public management reforms were carried out and contract based management procedures were introduced where the terms of delivery are strictly defined by public agencies. Extensive reporting obligations force TSOs under stricter scrutiny of public authorities. High transparency and accountability requirements lead to a bureaucratic burden for TSOs. Also private donors demand more accountability about how the money is spent in terms of efficiency and effectiveness. In the face of increasing reporting and efficiency pressures, market-compatible structures were introduced.
To address increased administrative and efficiency requirements managerial business practices were adopted, which among others, include financing methods (such as controlling, cost and activity accounting), performance measurement (such as quality management and benchmarking) as well as personnel instruments (such as performance based pay and target agreements). Thus, having a background in business administration becomes a sine qua non condition for managing TSOs. Additionally, the governance structure is professionalized with a power shift from the board towards the management level. Often a dual governance structure is installed with a voluntary board that assumes an advisory function and a professionalized managing board. By implementing a professionalized managing board, decision making processes are accelerated which enables the organization to react faster and more flexible in turbulent markets (Bežovan et al. 2016, Brandsen et al. 2016, Chaves-Avila et al. 2016, Zimmer et al. 2016, Mohan et al. 2016, Leš et al. 2016, Petrella / Richez-Battesti et al. 2016, Simsa et al. 2016).

Figure 3: Bureaucratization

The proliferating accountability environment provokes two risks for the third sector: Firstly, as most evaluation procedures and impact measurement are more sensitive to market activities, many of the functions TSOs perform which are not measurable are neglected by funders. This situation carries the risk that TSOs will focus on those activities and goals that are educible in monetary terms and ultimately lose some of their comparative advantages, in relation to e.g. community building or advocacy. Secondly, small, voluntary based TSOs are particularly disadvantaged as they lack the capacity to process differentiated billing systems and evaluation procedures which is indicated by
massive recruitment problems of voluntary board members. Research has long pointed out, that being business-like leaves little room for organizational democracy (Hvenmark 2013) and self-organization at the grassroots level (Eizenberg 2012).

2.4 Scarce resources: Changing modes of financing and budgetary cuts

Particularly in the areas of major TSOs activity budgetary costs have been implemented, such as “international aid” in the Netherlands, “arts and culture” and “sports” in other project countries. Expenses in these areas are considered of voluntary nature by public officials. Secondly, the modes of financing have changed. Until the nineties, public funds granted full cost coverage. Since then, the modes of public financing changed substantially. In the context of new public, management approaches performance budgeting was introduced which opened the way of competitive tendering. The targets are defined in advance and TSOs compete with other providers to win the bid with regard to quality and price.

Overall, the severe competition has induced cost and efficiency pressures on TSOs as the price for the services is a decisive factor to win the bid against other competitors, which provoked extensive cost containment measures among TSOs. Furthermore, some mission critical functions are hard to maintain as mission related activities are mostly not covered by reimbursement schemes which focus only on a particular service. Thus, TSOs report that there increased need to raise revenues from business activities is keeping them away to serve their real purpose often neglecting community building and the advocacy function of TSOs. Ultimately, TSOs might lose their civil-society add-on that makes their service so precious.

Furthermore, in highly marketized areas TSOs are increasingly crowded out by commercial providers. For-profit companies enjoy major comparative advantages over nonprofits when it comes to market activity: Nonprofits often lack the accountability mechanisms of forprofits and measures of profitability, the self-interest of owners, and focus on competition (Regina Herzlinger 1996, as citied in Salamon 2015: 64). Consequently, for profit corporations have increasingly gained market shares. Due to the project nature of public grants, TSOs that highly depend on public funds are confronted with short planning intervals and often lack the resources to invest in a sustainable infrastructure. On the account of scarce resources, TSO are tapping new financial resources and diversify their portfolio. In this context marketing and social sponsoring are gaining importance and in all countries under study TSOs report that they allocate more
resources to fundraising. The diversification of financial resources carries the risks that managing TSOs becomes more demanding as accountability requirements of different funders have to be taken into account. Thus, the bureaucratic pressures outlined in the previous chapter 2.3 have intensified (Bežovan et al. 2016, Brandsen et al. 2016, Chaves-Avila et al. 2016, Zimmer et al. 2016, Mohan et al. 2016, Leś et al. 2016, Petrella / Richez-Battesti et al. 2016, Simsa et al. 2016).

Figure 4: Scarcity of Resources

2.5 The Working Poor: rise of precarious employment patterns

Personnel costs loom particularly large in third sector organizations. Hence, the cost and efficiency pressures and the financial instability outlined before were translated into precarious employment patterns. Personnel per service unit is downsized, the workload of employees intensified, the salaries are lowered and atypical employment patterns like fixed term contracts, part time and marginal part time jobs are on the rise. Except in Spain, where unemployment is high and working conditions have worsened, working in the sector becomes increasingly unattractive. Particularly in areas where the mental and physical stress is high TSOs face serious problems to recruit personnel. These circumstances carry the risk that the quality of service delivery will deteriorate as TSOs might have to employ less professional competent personnel and further engage in reducing personnel costs per service unit in order to fill a growing staffing gap (Bežovan...

Figure 5: Precarious Employment Patterns

![Low pay of employees chart]

- Not serious
- Serious
- Very serious

Countries: France, Spain, Austria, Germany, Croatia.
3 Organizational Fields

While TSOs face similar challenges throughout the sector and seem to adapt similar strategies to cope with those challenges, other obstacles are specific to certain policy fields.

For instance, new modes of financing and austerity measures of public authorities confronted TSOs with enormous cost and efficiency pressures leading to precarious employment patterns throughout the sector. However, the deteriorated labor standards do not affect the attractiveness of working in the sector equally. TSOs in the social services face severe problems recruiting paid staff while TSOs active in the field of “sports”, and “arts and culture” benefit from an oversupply of labor.

This section of the report will be devoted to developments in three (sub-) organizational fields: Arts and Culture, Sports and Social Services. We understand the organizational environment as an independent variable that shapes the functioning of third sector Organizations. We assume that the specific configuration of an organizational field leads to specific challenges TSOs are confronted with. Hence, third sector organizations in the Social Services face different obstacles than their counterparts in Sports or Arts and Culture.

3.1 Arts and Culture: a fragmented field

TSOs in the field of “arts and culture” have to survive in a climate of permanent austerity as particularly in this area public funding is being scaled back. Working in the area of arts and culture is very precarious and below the poverty line. Most organizations are so small that they lack the resources to employ paid staff.

The field of arts and culture is composed of myriads of small organizations. The field of arts and culture lacks an encompassing umbrella organization and a sub-sectoral infrastructure. Due to the fragmented character of the field, TSOs in the area of Arts and Culture lack the ability of interest representation and are particularly endangered by rising bureaucratic demands as they are not able to professionalize their governance structure due to their small size and limited human resource capacity. Likewise TSOs do not receive technical support or consulting services due to the absence of a sectoral infrastructure. The lack of infrastructure also hampers research capacities in the fields because organizations cannot be addressed via umbrella organizations. Thus, we were

3.2 Social Services: between business and mission orientation

In the social service new public management practices have forged ahead which led to the emergence of social markets. In competitive tendering procedures the price for a service becomes the central criterion to win the bid. Generally speaking, the financial risk of providing a service was shifted to the disadvantage of third sector providers. TSOs are not reimbursed for providing a supply structure but only for providing the service itself.

Beyond, in some areas of social services a voucher system has been introduced for individual citizens. Here, citizens are vested with consumer rights and “buy” the products on a social market. Their mix of acquired service might include commercial or third sector providers or informal help. Besides, there are a growing number of consumers that are willing to invest more in social services in order to enhance their life quality, e.g. in the area of health and long term care certain providers target higher income groups and offer above average comfort and cutting-edge medical technology.

TSOs report that revenues from business activities have replaced public grants. As the organizations are closer to the market market-compatible structures were introduced and managerial business practices such as accounting and quality management were adopted. What is more, many of the organizations surveyed reported that their need to raise revenues from business activities is keeping them from serving their real purpose. However, in light of its eroding social foundations and its sometimes tough business operations dominating the mission, the legitimacy of the sector as serving the public good is increasingly questioned and the remaining privileges of the sector are heavily contested (Bežovan et al. 2016, Brandsen et al. 2016, Chaves-Avila et al. 2016, Zimmer et al. 2016, Mohan et al. 2016, Leś et al. 2016, Petrella / Richez-Battesti et al. 2016, Simsa et al. 2016).

3.3 Sports Clubs: between inclusion and exclusiveness

European sports organizations provide a social infrastructure for local communities and are a crystallization point for the social life in neighborhoods with a high activity in communal life, like convivial gatherings. They perform an important function in
community building bringing together different segments of society. Sports clubs are still the most popular organization for volunteer commitment and the most popular provider for physical activities. However, in our research we observed a major transformation in the field of sports. Sports clubs have in some instances developed a unique selling proposition as a provider of high quality health and fitness sports which are only accessible for higher income groups.

There is a growing divide between the top national level of sports and the vast majority of small, and financially weak local sports clubs. Particularly clubs in popular sport disciplines with a high visibility stand out for their merchandising and sponsoring activity. In some instances corruption is reported in the domain of soccer. Hence, sports associations are viewed as affluent and economically successful.

The overall image of sports is shaped by the top professional level and associated with financially strong organizations and “big money”. This does not reflect the reality of most local sports clubs which have often only limited access to sports facilities and struggle with declining financial capacities. The image of sports as “big business” exacerbates the negotiation on funding with public authorities in comparison with other civil society actors.

Many local authorities have cut expenses in maintaining an infrastructure to practice sports. Hence, sports facilities are of poor condition and only accessible to a limited extent. As the availability of sports grounds is a precondition to practice sports, some TSOs have invested in their own sports infrastructure and equipment. The investments and maintenance cost involving sports facilities loom particularly large. The privatization of sports infrastructure was translated into higher membership fees or paid services such as health advice and personalized training schemes. Sports clubs have successfully addressed a growing demand in top-notch health and fitness related sports programs.

Lower income groups are increasingly excluded from practicing sports as sport clubs tend to occupy a niche as exclusive health and fitness providers.

Additionally, on the grounds that citizens interested in practicing sports are becoming more service demanding and less interested in community oriented team sports, sports clubs face increasingly difficulties in recruiting members and volunteers whereas the sports market becomes more diversified. Particularly, commercial fitness centers benefit from a growing interest in individualized fitness and health activities. Here, the facilities are well equipped and the engagement is confined only to the membership rate.
Particularly the governance structure of traditional sports clubs is endangered by the growing service orientation of sports clubs members. In sports clubs members were traditionally not only consumers but also decision makers, organizers and producers of sport activities in their own right. However, members are unwilling to take up a board position which forces sport clubs to professionalize their governance structures provoking further premium adjustments.

In a nutshell, lower income groups are increasingly underrepresented in sports clubs as individual investments in equipment and higher membership fees are rising. Thus, access to sports clubs becomes limited for underprivileged income groups and “sports for all” cannot be achieved (Bežovan et al. 2016, Brandsen et al. 2016, Chaves-Avila et al. 2016, Zimmer et al. 2016, Leš et al. 2016, Petrella / Richez-Battesti et al. 2016, Simsa et al. 2016).

4 Third sector Regimes

4.1 Catching up on the edge: Eastern Europe (PL, HRV)

The third sector in Eastern Europe was subject of an authoritarian state and was assigned a residual role in the communist state. TSOs in the realm of the church, sports and TSOs in the social economy, such as cooperatives, were partly able to survive. During communism the third sector was suppressed. Conjointly, support structures are scattered or absent as the sector is fragmented and small. The housing sector in Poland, mainly composed by cooperatives, was of particular relevance which declined steeply after the fall of the communist regime due to privatization policies of dwellings. In Croatia a large part of the third sector consists of humanitarian TSOs that were supported by Western funders which nurture general skepticism towards the sector as being a product of Western intervention into Croatian society. The state approaches the sector with a paternalistic attitude. Generally, TSOs still face difficulties to gain foothold on the market as a social service provider because the sector is limited by a lack of public awareness and a lack of trust in its professionalism and the quality of its services. Contracting with public authorities is still troublesome and TSOs are partly discriminated against public providers due to practices of clientelism and the opaque nature of contracting procedures. However, TSOs managed to compensate the post-communist welfare gap in social and education programs and partly established themselves as a social service provider.
However, TSOs are still subject of rigid control procedures and bookkeeping requirements are particularly demanding for TSOs although the problem perception concerning law and legal procedures is decreasing (Les et al. 2016). In this context, public authorities and particularly labor inspections suspect volunteering to be exploited as undeclared work. Overall, voluntary activity is traditionally low and is constrained to family or personnel networks.

The low social anchorage of TSOs is also reflected in the minor degree of private giving. Additionally, public funds are limited due to vast cost containment strategies in post-communist countries. On the grounds that alternative financial sources are missing to compensate for the tense situation of the public purse EU-funds are of particular significance for TSOs in Eastern Europe. Thus, EU-funds contributed to the growth of the sector. As EU-funds are very complex and bureaucratic highly professionalized organizations in administrative terms have evolved around EU-funded themes. Against the background of high bureaucratic requirements by EU and national institutions, TSOs are constrained in their ability to produce innovations as large part of their organizational resources are bound to process administrative requirements, to apply for funds, to monitor tenders and to maintain contact with funding institutions.

However, as the sector started from scratch being repressed during communist times the third sector experienced a steady growth in terms of registered organizations, revenues and employment. Besides the growing scope of activities in the welfare domain, EU accession funds and also decentralization reforms contributed positively to the sectoral growth. Despite the general upward trend in terms of organizational growth the membership base though is shrinking and social anchorage of the third sector is still limited (Bežovan et al. 2016, Leś et al. 2016).

4.2 Too big to fail: Central Europe (NL, AU, D)

The third sector enjoyed a privileged position as a service provider and was deeply embedded in the institutional design of the welfare state. TSOs were privileged over commercial and public suppliers in the social service position and enjoyed a top dog position in the welfare domain. The policy environment shifted from subsidiarity to neoliberalism and the relationship with the state changed from a partnership at eye level to a customer-supplier relationship. To survive in emerging markets TSOs had to become more efficient.
Despite the mounting cost and efficiency pressures TSOs have defended their position as a core provider of social services. The share of TSOs compared to other sectors is stable. In emerging social markets TSOs successfully adapted to efficiency pressures and become more business-like. As the third sector builds on profound resources and administrative capacities it was able to compete successfully against commercial providers in competitive tendering procedures. Additionally, it can lock back on many years of expertise as a service provider. The professionalism is widely acknowledged by the public. Against this background, TSOs can rely on an established brand as a social service provider which comes as an organizational asset against new commercial competitors that have to create awareness amongst customers. Corporatist mechanisms are still in place to some degree and TSOs can count on established relations with policy makers which enable TSOs to improve their position in negotiations. However, the successful adaption of TSOs in competitive markets comes at a price as TSOs seem to lose some of their specific qualities that are commonly attributed to the sector. The mushrooming of limited liability companies witnesses the increasing marketization of governing practices.

Generally, although TSOs still offer important avenues for civic engagement and account for most of the volunteering in Central Europe, they have lost attractiveness as an institution for volunteer commitment. Traditionally, the societies of Central Europe were characterized by “pillarization” into social milieus. The different social groups were integrated into milieu specific TSOs. Hence, a natural influx of volunteers was guaranteed and TSOs represented a large part of the society providing the main infrastructure for civic engagement. Since then, the ideological bonds to organizations have eroded and members have to be actively recruited on a volunteers market as one is not born into an organization anymore. The membership base is constantly declining and volunteers are only loosely coupled to third sector Organizations. In light of limited availability of volunteers and rising professional standards TSOs are increasingly managed by TSOs. Additionally, a growing share of volunteering takes place outside formal third sector Organization.

Although the features of the sector are changing, there is still no institution in sight that would be capable of replacing the services and social infrastructure for community involvement which the sector still provides (Brandsen et al. 2016, Zimmer et al. 2016, Simsa et al. 2016).
4.3 Surviving under austerity: Southern Europe (ES; F)

In Southern Europe the social economy is an integral part of the third sector and cooperative and mutuals represent a large share of TSOs. In both countries volunteering is low. Particularly in Spain volunteering is more directed towards next of kin. Besides, cooperatives and the Catholic Church played an important role as a social service provider.

France followed the corporatist model of integrating TSOs into the institutional setting of the welfare state. In France, the sector benefited from the expansion of the welfare state. In Spain, which follows more a residual model of the conservative welfare state; often referred to as the Mediterranean welfare state, social expenditures are relatively low and concentrate on old age pensions. Social services are rather underdeveloped and the extended family still compensates for the lack of welfare institutions. A few privileged quango organizations benefited from a moderate welfare expansion since the democratization of Spain in 1978. The majority of public funds towards the sector concentrate on these organizations. During the dictatorship large parts of the sector were suppressed and the Spanish third sector is still underdeveloped compared to France or Central Europe. In both counties the sector is fragmented and divided along societal cleavages between secular and religious as well as left wing and right wing organizations. Against this background the support structure is scattered and underdeveloped. With the financial crisis in Spain new organizations have emerged in the course of the anti-austerity protests in 2008. These new organizations are not linked to the established Quango organization.

Particularly Spain was hit hard by the financial crisis. Public funding was cut due to vast austerity measures. Additionally, private donations decreased mostly due to the collapse of saving banks. Likewise, the social needs of the population due to mass unemployment and social deprivation of the population were rising. Thus, TSOs in Spain have to survive in a particular hostile environment “having to address more needs with fewer resources” (Chaves et al. 2016).

TSOs reacted to the crisis by lowering the working hours and extending part time work. Despite the fact that it is difficult for TSOs to recruit volunteers in light of a relatively low social embeddedness and increasingly resource intensive management of volunteers paid employment is substituted by volunteers. Thus, working hours per volunteer have been rising. Furthermore, since TSOs have to manage an increasing deficit, debts are increasing (Chaves-Avila et al. 2016, Petrella /Richez-Battesti et al. 2016).
4.4 From Third Way to Big Society: UK

In the UK TSOs see their environment as increasingly market driven in terms of resources and governance practices, which originated from a shift of the political climate and ideological discourses from a third sector to a neoliberal market perspective.

The sector was an integral part of the third Way political philosophy of the Labour government, which aimed at finding solutions beyond market and state by strengthening third sector engagement. The state was assigned a more passive role as enabler and not as a provider of welfare activities. The third sector policies were meant to be achieved via enabling the emergence of a quasi-market with preferences for standardizing and large scale provision. Thus, large organizations were able to deal with the challenges regarding procurement, commissioning and contracting at the detriment of more specialized responses to needs.

Furthermore, the Labour government made major investments into a third sector infrastructure and organizational capacity of TSOs.

Furthermore, following the advice of the Deakin commission a Concordat or compact between the government and third sector was initiated. However, against the background of the required marketization and professionalization being contrary to the mission of some TSOs, many organizations were not able to or did not wish to work with the state as a partner.

With the entry of the Coalition Cameron government the philosophy of “Big Society” provided the ideological backbone for an independently financed third sector and hostility towards state involvement in terms of public spending. In a nutshell, the government program envisaged scaling back of public expenses which were to be replaced by volunteers, or in other words the “Big Society” substituting “Big Government”. In practice, quasi-markets were extended and welfare services were opened to market forces as far as possible. For profit agencies were granted (market) access to all policy fields, including voluntarism and work with vulnerable groups. Besides quasi-market approaches, the UK governments, mostly with the new legislation in 2016, have fostered financing models that follow a social-investment-logic, such as loan and bond finance initiatives. Hence, these sorts of schemes have gained relevance among British TSOs.

Extensive budgetary cuts went hand in hand with market promotion in all areas of welfare spending with the financial crisis proving the legitimacy for far reaching austerity
policies. In particular, the budgets of local authorities, which are a core source for third sector funding, were massively reduced. Additionally, the third sector infrastructure which was set up or fostered under the Labor government, like the Charity Commission and the Office for Civil Society, was cut back. As the sectoral infrastructure has collapsed and the financial support from local authorities has been cut TSOs face difficulties to function properly. Especially the capacity to mobilize and encourage volunteer contribution is severely diminished. The case of the UK provides a good example that replacing public service with volunteers fails when support structures are not available as the provision of volunteering is not free and a sectoral infrastructure is required. Furthermore, the coalition government took a hostile stance on campaigning and advocacy work of TSOs stating that the use of public grants for campaigning activities will be prohibited. Generally, the British third sector’s ability to perform its multiple roles seems to be increasingly limited (Mohan et al. 2016).

5 First Movers: Strategies of Resilience

In our study we analyzed “best practice” organizations that are particularly successful in dealing with the challenges outlined above. Thus, we identified strategies organizations adopt in the face of challenges and changing circumstances which allow them to be capable of withstanding shocks and to flourish in a hostile environment. Some of the identified strategies in the national reports are more successful in specific national contexts. For instance, in Eastern Europe good relations with the public sector are crucial for surviving under conditions in which clientelism dominates the political sphere and acquiring funds is particularly troublesome. In this part of the report we focus on common strategies which organizations apply to develop resilience against the challenges in the field. As we highlight the strategies of “first movers” we also point to trends that will be of increasing importance in the future.

Summarizing our results we firstly identified that organizations with permeable, open structures which allow new impulses to enter the organization are more likely to keep up with new trends, manage to address new developments and consequently maintain its attractiveness for members, volunteers or clients. Furthermore the degree of integration in a policy field enhances the lobbying capacity, which allows the organization to positively shape its institutional framework. Particularly a wide range of stakeholders contributes to sustainability and enables the organization to be more flexible in times of crisis.
Secondly, organizations that achieve to diversify their activities are more appealing to increasingly individualized needs, interests and lifestyles of citizens.

Additionally, they are more resilient toward risks arising from rapid changes in a turbulent policy environment when resources are shifted to the disadvantages of the organization, in particular with regard to project nature of public funds (e.g. changing funding streams, interests of volunteers, needs of citizens or attention markets) as they are less dependent on particular organizational assets. In this context, TSOs increasingly engage in “cash cow” operations to cross-subsidize support structures for volunteering and open spaces for community activity. As volunteering becomes more demanding for organizations resource-intensive measures of “managed volunteering” are implemented. The generally high expenditure burden entails further expansions of activities. E.g. social service organizations expand their range of services, sports clubs establish services in the social services and health provision and culture organizations spread out to the fields of social housing. Furthermore, in light of large-scale tendering procedures against multi-national corporations TSOs are required to secure economies of scale and scope to survive and prosper in the face of competition. In some instances, TSOs merge or pool resources to stay competitive and to meet the increasing administrative requirements.

Thirdly, considering that TSOs are more dependent on market income to compensate for the lack of public grants TSOs professionalized their governance structures and became business-like: Managerial business strategies were implemented and the management level strengthened while the voluntary self-governing bodies were weakened (see section 2.2). Among the studied organizations many are also able to make claims about the quality and social impact of their activities as funding increasingly follows a social-investment-logic. Sometimes, TSOs outsource their activities to bodies outside the nonprofit law. As the organizations are closer to the market, legal forms that are compatible with market activity are on the rise. We see an upward trend of limited liability companies and a revival of cooperatives (with the exception of Poland) in the context of collaborative consumption e.g. in the area of ecological food production, multi-generational housing and renewable energies.

Fourthly, as organizations expand crossing the boundaries of different organizational fields, a highly differentiated and complex governance structure is put in place since different functional logics have to be complied with. Hence, TSOs need to “speak” many different languages of various fields. To manage the tension between mission and market orientation language and communication strategies are processed. The organizations we
studied were able to master the “business talk” and likewise manage a more “ideational idiom” reflecting the civil society foundations and milieu-specific links.

Fifthly, given the increasingly complex multi-field environment TSOs develop into an institutional amalgam comprising different logics of actions and achieve to combine the “best” of business and third sector. On the one hand, organizations are increasingly engaging in a professionalized service output and operate business activities which prerequisites the adaptation of business practices. On the other hand, TSOs provide enabling structures for community involvement and offer avenues of self-fulfillment.

Appendix I - Methodological procedure: conducting a stakeholder survey and semi-structured interviews

Keys empirical evidence to identify common barriers depicted under section 2 in this report was gathered by carrying out an online stakeholder survey in each project country. The survey was supplemented by numerous semi-structured interviews with third sector stakeholders to compensate for a low response in some instances and to gain a deeper insight into the developments of the sector.

In a first step of our research we analyzed the literature regarding the third sector in general. We identified the most common problems the third sector faces and identified factors that allow the sector to develop its full potential. Additionally, the analysis of secondary quantitative data allowed us to reach a systematic confirmation of our first findings. Recently conducted surveys with the focus on civil society issues (e.g. surveys on volunteering, giving, and citizen’s participation) or surveys assessing the general situation of TSOs provided us with further insights on the development of the third sector and barriers that affect the performance of TSOs.

With semi structured interviews addressing third sector representatives and individual experts with prime knowledge on third sector developments we aimed firstly at grasping the challenges TSOs are confronted with in relation to e.g. new governance practices, changing modes of financing, societal changes and secondly, the strategies that TSOs develop to react to those challenges.

With the stakeholder survey a systematic confirmation of the findings gained by analyzing the literature, secondary data and interviews was reached. The stakeholder survey was conducted online.

The added value of the survey is to quantify the perceptions of barriers and opportunities for third sector development within the groups of TSO representatives. The survey reflects how the respondents that participated in the survey assess the barriers and opportunities of the organizations they represent. However, the distributions among certain answers to the survey questions do not necessarily reflect the distribution of the entire third sector. Despite of this limitation, the online survey reflects how barriers and opportunities are assessed among third sector representatives.

The survey is divided into two parts. In the first part the problem perception with regards to finance, personnel governance, public attitudes/image, institutional facilities (e.g. Equipment), interorganizational linkages and the operating context, the legal
environment, the sub sectoral infrastructure (e.g. mediating institutions) were addressed. The second part of the survey aimed at grasping the trends with regard to third sector Development. Under this section third sector representatives were asked to assess statements that deal with developments of the third sector with regard to the areas described above.

We addressed stakeholders who are working at the organizational level. We convinced managers, heads of departments of large organizations, board members and chairmen (or chairwomen) to take part in the survey. Where a solid sectoral infrastructure existed we achieved to address organizations via umbrellas that forwarded the survey to their member organizations. In countries or organizational fields that lack an encompassing infrastructure the response rate was substantially lower, as it resulted to be troublesome to get in touch with TSOs. Thus, in some instances an analysis of the survey was not possible in light of the low N. The UK had the highest number of responses with 1200 organizations answering the survey followed by the Netherlands with 372 and Germany with 250 responses. In Croatia 171 organizations responded to the survey, followed by Austria with 102 responses. In Spain with 28 responses, in France with 24 responses and in Poland with only 8 responses the statistical analysis resulted to be problematic. Thus, we accompanied the data gathering via the survey with a vast number of semi-structured interviews with key stakeholders of the sector e.g. representatives of national umbrellas and individual experts.

In Netherlands the wording of the questions was changed and the response categories were adapted to the Dutch situation in order to achieve a higher response rate. In the UK a large scale study was conducted in corporation with the Third Sector Research Centre. It was adapted to the English context, with re-wording of questions and the inclusion of those specific and relevant to local condition. Although the necessary adaptation regarding the design of the online survey made a direct comparison of the results in an graphic more difficult, the results of the online survey in the UK and The Netherlands pointed in the same direction as in the other project countries that are depicted under section4.

Since the sector is very heterogeneous, we aimed at covering a broad spectrum of fields of activity, legal forms and functions of TSOs. Among the interviewed stakeholders were representatives of umbrella organisation relevant in the different fields (e.g. representatives of welfare associations), chief executives of major foundations, large TSOs and peak organisations representing support organisation like volunteering agencies, researchers and policy experts working as consultants. They represent different
policy fields ranging from culture organisations to sports, and welfare associations covering the different functions that are commonly attributed to the sector (e.g. community, advocacy and service organisations). We managed to include the variety of organizational and legal forms that are present in the sector, like membership organizations (clubs), foundations, cooperatives, limited liability companies.

The results of the survey and the interviews were published in individual working papers per project country and made available on the website of the project.

Figure 6: Pictorial Representation TSI Project Barriers Research Approach
7 Bibliography


WP5 Working Papers of the TSI project


