The third sector in Europe: Towards a consensus conceptualization

Some issues for the debate

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• In search of a consensus conceptualization of Third Sector In Europe: a relevant issue
• Real concern to propose a definition adapted to the European landscape
• Taking on board some of the "European" criticis of earlier definitions of the third sector focused on NPOs
• There is some place for organisations that provide activities for the public good such as cooperatives, mutuals, social enterprises etc..
• Goal of TSI: "to identify a common core shared by the different conceptions (civil society, charities, social economy, solidarity economy, social enterprise...)"
1. Neither for profit, nor public but...concepts are embedded in different backgrounds ...

- NPO, Voluntary organizations, Charities...
  - Clear mission to provide services/ or bring value to the community
  - Some level of voluntary resources

=> Non profit distribution constraint

- Social economy, solidarity based economy..
  - Quest for economic democracy;
  - Non capitalist form (an association of persons and not a capital company)

⇒ Democratic governance and limited profit distribution to shareholders
• Enormous diversity in different European countries and within each country also!

"There is no commonly accepted concept of a third sector in the U.K: plethora of terms and concepts in use raises questions about whether a coherent conceptualization of the third sector is possible even in a single country, let alone across national borders"
2. Regarding limits to profit distribution

<table>
<thead>
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<th>Cooperatives</th>
<th>Certified coops (an association of persons and not a capital company)</th>
<th>New legal forms Social enterprises (based on the coop model or more open form)</th>
<th>TSI</th>
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- Limited redistribution of profit to shareholders (cap)  
- Governance mechanisms | - Asset lock  
- Cap on the distribution of profit (in terms of % of remuneration by share or % of surplus)  
- Governance mechanisms | - Total non redistribution OR  
- Asset lock  
- No distribution of more than 50% of surplus  
- No distribution of surplus in proportion to capital OR 30% beneficiaries "special needs" |
| NOT ENOUGH !                      |                                                                       |                                                                                |     |
|                                  | There are limits: limited profit distribution to shareholders          |                                                                                |     |
| Limits on the proportion of the profit distributed | - If small profit ?  
- No remuneration of K  
- If target group if not clearly identified ? |                                                                                |     |
3. Regarding governance

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What about governance ??? A blind spot ??
The principles of a social purpose company (Belgium)

1. **Clear description of the social goals**
2. **Members shall seek only a limited profit or no profit at all**
3. **In case of liquidation, after all liabilities have been met and the members have been repaid their capital, any surplus should be allocated to purposes as close as possible to the social purpose of the company (asset lock)**
4. **The direct capital benefit that the entity pays to its members cannot be higher than the interest rate established by the law that regulates the establishment of the National Cooperation Council, applied to the actually paid amount of the shares**
5. **Nobody can participate in the organisation’s GA with more than one tenth of the votes connected to the represented shares; this percentage is one twentieth when one or more associates have been hired as employee by the organisation**
6. **Procedures allowing each employee to participate in the company’s governance through the ownership of shares**
– Italy (1991): "social cooperative"
– Portugal (1998): "social solidarity cooperative"
– Spain (1999): "social initiative cooperative"
– Greece (1999): "social co-operative with limited liability"
– France (2001): "cooperative society of collective interest"
– Poland (2006): "act on social cooperative"
– Belgium (1995): "social purpose company"
– UK (2004): "community interest company"
– Finland (2004): "act on social enterprise"
– Italy (2006): "social enterprise"
– ...
4. Regarding social enterprise

The WP identifies "4 clusters"

1. NPOs;
2. Mutuals and cooperatives;
3. Social enterprise
4. Human actions such as volunteering and participation in demonstrations and social movements that are undertaken without pay.

Social enterprise are not a cluster but can adopt different forms (ICSEM project: 50 countries)

1. Entrepreneurial non profit
2. Social coops
3. Public sector spin offs
4. Social business shareholders company combining its economics activities with the primacy of a social mission