THIRD SECTOR IMPACT

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Third Sector Impact: Towards a more nuanced understanding of barriers and constraints

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Background and key findings

The analysis reported here, undertaken collaboratively between the Third Sector Research Centre (TSRC) and the University of Kent (SSPSSSR and PSSRU), builds upon the 'barriers to impact' component of the EU Third Sector Impact (TSI) study led by the University of Kent. It summarises supplementary work undertaken at our own initiative. By combining results from the TSI online survey of social policy charities with data holdings at TSRC, we seek to move towards a more nuanced account of the barriers to achieving impact these organisations face, paying particular attention to diversity and difference within the sector. We found:

- A substantial proportion of organisations expressed concerns, sometimes strongly, about the negative impact of reductions in public expenditure, particularly from local government sources. This was particularly so for organisations of a larger size, while differences of view were less evident according to policy subfield (ICNPO).
- Concerns about resource constraints, ability to balance functions (service provision, community development and campaigning), and marketization tended to be expressed most strongly by organisations situated geographically in disadvantaged areas. These tend to be places where public funding streams, developed under the previous New Labour government, had played an especially significant role in the establishment of new entities.
- Related to this, we also found a tendency for organisations of recent origin to express greatest concerns about their position. In contrast long-established organisations – those that had been on the Register of Charities since before the 1980s – were much less likely to report experiencing 'barriers' so extensively.
- Regression analyses was undertaken to control for multiple factors simultaneously. This confirmed that the strongest predictors of concerns about resource shortages and the future financial environment were most likely to be expressed, other things being equal, by organisations in disadvantaged areas; and organisations which had been established relatively recently.

One potential policy message is that charities require a relatively long period of time to develop positions allowing them to weather periods of severe economic strain, such as those encountered since the end of the last decade. Policy makers interested in fostering third sector impact should therefore focus upon issues of sustainability in the long run. 'Taking the long view' will require investing in organisations in the initial, early years of their development in a way which seeks to build in resilience from the onset; but also suggests a need for measures to support agencies as they 'mature' over a decade or more. Without such support, under conditions of austerity, the supplementary research reported in this Briefing implies that many organisations will simply not realise their perceived impact

potential, and remain preoccupied with a struggle to secure the resources required to function at even a rudimentary level.

1 Introduction

The first TSI UK *Briefing* included a generalised overview of the English third sector's situation in relation perceived barriers to impact, supported by key overall findings from the TSI online survey of charities operating in key social policy fields. That survey asked a number of questions about organisations perceptions of their ability to access resources obstacles to their development, relationships with external bodies, and views about the external policy and regulatory environment. This second *Briefing* takes the analysis a step further. It concentrates first on general patterns revealed by *bivariate* analyses (that is, cross tabulated responses to questions against organisational characteristics, including size, policy subfield and age). Second, since various characteristics of organisations are interrelated (for example, large organisations are more likely to have employees than small ones), we also performed basic *multivariate* (regression) analyses to tease out these interrelationships.

1.1 Size of organisation - financial scale measure

Resources: comparing the three size bands for which we had the largest numbers of responses, it appeared that the greatest funding challenges were being experienced by organisations in the £100,000-£1 million bracket, especially for public sector funding (local government, central government, and other statutory funding). We did not find substantial differences in relation to the recruitment and training of staff and volunteers.

Funding environment: respondents were asked about their own responses to the changed funding situation in recent years. There was a consistent message: organisations were devoting more resources to fundraising, and processes of commercialisation and marketization, including interest in social investment, were more evident for larger organisations. This should not surprise us: larger organisations being more exposed to public funding streams, they are also those most likely to have to explore alternative funding routes. The larger organisations were also significantly more likely to agree that the need to raise revenues from business activities was putting their mission "under more strain", and that a "management or business background" was becoming more important to senior staff.

Policy and external environment: despite concerns about resources, larger organisations felt more included in processes of political decision making and policy formulation. At the same time, larger organisations were more likely to respond negatively to questions about their ability to "balance service delivery, campaigning and community development activities", and about whether the climate was "conducive to needs-based planning". Across all size bands, the "Big Society" policy preference of the government was perceived as not having helped organisations develop and there was very little optimism expressed that the next five years would be easier than the past five had been.

1.2 Policy subfields (ICNPO classification)

We found that differences between ICNPO subfields were less noticeable than those between size bands. This may be linked to the fact that ICNPO groups, while providing a workable middle range way of differentiating between rather broad classes of organisations, nevertheless group together agencies which might often regard themselves as of different types. For example, ICNPO Group 4, Social Services, includes adult social care as well as care for looked after children, youth services, and specialist services relating to a wide range of other client groups; or, Group 3, Health, includes acute physical health services as well as mental health activities and palliative care. In addition, the simplifying one-dimension approach of the ICNPO system necessitates allocating organisations to single primary field, when in reality, may agencies function simultaneously across subfields and client groups.

While admittedly not fine grained in policy terms, the system nevertheless does provide at least a starting point for distinguishing between service fields and areas of work, and for this reason has also become established as the 'standard' for comparative non-profit research. Accordingly, we use it her as an indicative point of departure. In relation to financial resources we found that the organisations experiencing the greatest financial shortfalls on funding streams were those in Group 7 - Civic & Advocacy (including law & legal services and criminal justice) and in Group 3, Health - although it should be emphasises that Groups reported significant problems with public funding streams. Around a half of organisations reported difficulties in recruiting volunteers (see *Briefing One*) but this did mask some variation: Group 8 (Philanthropic intermediaries, including foundations and infrastructure) at around 25 per cent, and also Group 3, Health (around 40 per cent). We found that Group 7 respondents were also more likely to disagree than other respondents that volunteers were less involved in frontline services than they had been in the past.

The impacts of processes of marketization over the past five years was identified as relevant to a marked extent across all categories (again, see *Briefing One*), but we found slightly elevated tendencies, once again, in the Group 3 (Health) and Group 7 (Civic & advocacy) policy subfields. However, we found no clear differences with respect to responses to other questions about the general policy and political environment. Significantly perhaps, there were no differences in attitudes to the idea of the "Big Society" as it had unfolded as a framework in 2010-2015: and all ICNPO categories were also equally gloomy about prospects for the next five years. The only area of significant variation was that, once again, organisations in Groups 3 and 7 appeared to be in a more challenging situation.

Respondents in these categories were rather more likely to be experiencing the current climate as less conducive to needs-based planning than other ICNPO Groups.

1.3 Size – paid employment scale measure

Unlike charity income, where we are able to strengthen the results of our TSI online survey by drawing on financial reporting to the Charity Commission, for this measure of scale we had to rely purely on the former. To simplify our analysis, we grouped responses into three categories: no paid employees; 1-10 paid employees; and more than 10 paid employees.

We found a small number of responses which implied the organisations had mistakenly counted unpaid volunteers in responding to this question (financially small organisations claiming infeasibly large paid workforces). But overall the patterns seemed sensible, with strong associations, for obvious reasons, between financial size and employment. Our results showed that concerns about statutory (public sector) funding were articulated more forcefully by organisations with larger numbers of employees, but there are no obvious associations between increased marketization or market orientation and employment. As was evident when stratifying the data by income band, larger organisations expressed more widespread concerns about the strains imposed by business practices; felt it was difficult to balance service delivery and other functions; and argued that the climate was less conducive than previously to needs-based planning. But there were no differences as regards views on the "Big Society", or concerning optimism about prospects in the coming five years, which were uniformly gloomy across all paid employment size categories.

1.4 Deprivation

We use the Index of Material Deprivation to examine the link between problem perceptions and geographical base. We found very strong gradients between areas in terms of reporting funding difficulties, which were particularly pronounced for local and central government funding. But we also found clear majorities of organisations in the most disadvantaged quintile (20 per cent) of areas stating that obtaining foundation and company support was a serious problem. The significance of these funding difficulties is not surprising in relation to public funding streams, as some of these had been targeted at the most disadvantaged areas as a matter of policy prority, but the prevalence of higher perceived shortfalls in relation to foundation and company support was a less well anticipated result. Findings concerning perceived volunteer shortfalls were also interesting, because our expectations were mixed: on one hand, the need for volunteers to help in such contexts is clearly high, yet at the same time formal volunteering rates are known to tend to be lower in areas of disadvantage. In this context, it was interesting to observe that gradients were less pronounced, as measured by organisations' perceived ability to recruit and train volunteers.

We also found gradients in relation to the importance of commercial sources of funding and of market relationships: organisations in disadvantaged areas claimed that that they were more likely to seek such sources of income, and also increase the attention they give to fundraising. They were also substantially more likely to agree that business orientations are placing greater strain on their organisation; that they were struggling to balance service delivery and campaigning activities; and to agree that the recent policy climate has been less conducive to needs-based planning. Finally, high IMD located organisations were also even more likely to reject the statement that the "Big Society" had fostered development than low IMD located organisations, and tended to be more pessimistic about the next five years' prospects too.

1.5 Age of organisations

As a proxy for age we use date of registration with the Charity Commission, divided into four periods: 1961-79; 1979 – 1997; 1997 – 2010; and post-2010. (The post-2010 numbers of organisations were relatively small, with 126 responses.) The interest here was in whether recently-established (post 1997) organisations might be more at risk than others from various resource shortfalls and external changes. Our analysis indeed suggested that post-1997 charities, including those established both under New Labour and the Coalition, were more likely than longer-established entities to express concerns about resource issues, and some of the differences were as substantial between those found in relation to deprivation. Newer organisations were less likely to be positive about the "Big Society" and the outlook for the next five years than their older counterparts. However, it is important to note that the differences between charities established 1997-2010 and those established subsequently were less noticeable than differences between those established pre-1997 and those set up after that date. This suggests a problem known as the "liability of newness": organisations struggle to build up resources and relationships, and in the turbulent climate of the past decade, may have less to fall back on than longer-established entities.

1.6 Multivariate analysis

Many of the characteristics used to distinguish between organisations discussed above are clearly interrelated. For example, organisations located in disadvantaged areas share certain characteristics – compared to the charity population as a whole, they are more likely to be larger, to have been formed relatively recently, and to be in receipt of public funding streams. So an aspiration of analysis should be to disentangle the relationships between the relevant variables, and control for these interdependencies. Accordingly, we have used regression analysis to separate out the effects of individual characteristics.

For simplicity, we dichotomised the responses, grouping "not a problem" and "not serious" together, either with or without the "not applicable" category, so that we can compare them with the pattern of "somewhat serious" and "very serious" responses. Logistic regression analyses were then the appropriate approach to take (see "methods", below).

The models developed showed strong responses in relation to perceived shortages of financial resources from organisations established since 1997, and from organisations operating in disadvantaged areas. Some classes of the ICNPO were also more likely to report shortfalls in obtaining public funds than others: interestingly Group 4, social services, emerged in this way having controlled for other factors, in marked contrast with the situation suggested by the bivariate analysis, wherein we saw about other Groups had initially appeared to be suffering more from perceived under-funding. This was also true for the recruitment of volunteers. But we found that there were no clear signs that organisations based in disadvantaged areas, or more recently-established organisations, were likely to report difficulties in recruitment of volunteers.

Responses to questions about organisations' ability to balance their functions (service provision, community development and campaigning), carry out needs-based planning, their perceptions of the "Big Society", and their views of the future, did not reveal such a strong pattern as the responses to questions about finances. At most we can say that, once we control for other characteristics, organisations operating in the most disadvantaged quintile (20%) of communities are more likely than others to express concerns about the impact of recent policies, or about their likely future prospects.

Likewise, when we considered responses to questions about responses to the external climate, such as devoting more resources to fundraising, or the importance of market-based relationships and income sources such as social investment, there was no clear pattern. One reason is the large number of organisations declaring that such options were not applicable to them (at one extreme, as many as half of organisations in the £0 – 10K income band considered that a question about the importance of market sources of income was not relevant to them). This removed large numbers of responses from the statistical models (or would require us to make assumptions about respondents in order to reclassify their responses) and reduced the likelihood of generating statistically-significant findings. The results do show some negative associations between operating in disadvantaged areas and perceptions of the "Big Society" and of the likely future funding environment, however.

Further analyses are under way but our preliminary overall conclusion is that the most important statistically-significant relationships revealed by to date concerns the links between the age of organisations, their location, and the degree to which they express concerns about various resource issues and about the wider funding climate. There are some indications that policy subfields also experienced particular concerns. However, organisational size (proxy by income), legal form (whether or not they are a charitable company or not), whether or not they have employees, and resource growth or decline do not seem to be associated, once we controlled for other organisational characteristics, with responses to these questions.

There are some limitations to this analysis. Most notably that we have no information on the differences between charities in terms of their income *sources*. Other TSRC research has sown that what appear to be differences between geographical areas could in fact represent variations in the dependence of organisations in those areas on particular funding streams, which are known to be substantial. Furthermore, we cannot be certain that the measures of deprivation used capture exactly where charities work but we have sought to control for that by dividing the deprivation index into quintiles, relatively broad-brush categories.

Nevertheless these findings appear to us to be important in pointing to particular subsets of the population of charities, in disadvantaged areas, that appear to be experiencing greater pressures than others.

2 Methodological note

The analysis reported here, undertaken collaboratively between the Third Sector Research Centre (TSRC) and the University of Kent (SSPSSSR and PSSRU), was supplementary work undertaken at our own initiative, building on research led by the University of Kent with the TSI (Third Sector Impact) study. *Briefing One* provided a highly generalised overview for TSI purposes; whereas this *Briefing* seeks to exploit the findings from one strand of that work – the online survey, and link them to the TSRC's existing work on the charity population. Our goal was to look more closely at variation and diversity within this population, to allow a better connection with the policy debate in the UK, which is relatively sensitive to differences between organisational types compared to debates in other countries.

We concentrated attention on the broad social policy subset of English charity population, as defined by the International Classification of Non-profit Organisations (ICNPO): Health (Group 3); Social care and allied services (Group 4); Economic, social and community development (Group 6); Civic, advocacy and legal services (Group 7); and philanthropic intermediaries and voluntarism promotion (referred to as "infrastructure", Group 8). We knew from existing research that there were approximately 55,000 charities in England and Wales operating in these fields, and we issued an invitation to them to complete a password-protected online survey, concerning barriers to third sector organisational development, in July 2015, focussing on those based in England. We received 1182 useable replies. The distribution of responses corresponding reasonably closely to the national pattern of organisations in this field, but we constructed survey weights for responses to correct for over- and underrepresentation by size and ICNPO class. Responses were predominantly from smaller and medium-sized organisations. Although arbitrarily-defined income bands are mainly useful as a descriptive shorthand, they are widely used by sector researchers and so we classify our respondents into size bands according to income (£0 – 10000; £10 – 100K; £100K – 1Mn). Insufficient numbers of responses were received from larger organisations, and most of our analyses focus on these three categories. As well as ICNPO and income, we were able to classify organisations according to other criteria: whether or not they had employees, and if so how many; an approximation to their age, measured by how long they had been on the Charity Commission register; the index of deprivation for the locality in which the charity was based; the actual expenditure of the organisation, and also real terms growth in expenditure by the organisations in the last five years. We do not have information on the sources of income of organisations.

Respondents were asked to give their views on the significance or otherwise of issues in relation to a 5- or 6-point scale, depending on the question being asked. As an example, the five point scale included the categories "not a problem at all", "not serious", "somewhat serious", "very serious", and "not applicable".   Most of the discussion here focusses on cross tabulations of responses by characteristics of organisation, but we also conducted logistic regressions, in which we estimated the odds of reporting a particular response, controlling for multiple characteristics of respondents. For example the models assess the likelihood of changes in responses between different categories of the ICNPO (e.g. is a social services charity more or less likely to give a particular response compared to a health charity) controlling for other characteristics (age, size, legal form). In the discussion, when a particular characteristic is identified, that means that our models suggest it is having an effect on the odds of an organisation giving a particular response to a question, *after allowing for the influence of other characteristics of that organisation*. Income bands are fairly meaningless for such exercises so we used the log of expenditure[1] and we also calculate real-terms growth rates in expenditure for individual organisations.

3 The Third Sector at a Glance

The notion of third sector is little discussed in France compared to other national contexts. The most commonly used concept is the one of Social and Solidarity Economy (SSE). This concept has now been institutionalized in the law adopted in July 2014 on SSE. The law builds upon the criteria defining social economy: a purpose other than the distribution of profits, democratic governance, reinvestment of profits in the activity, compulsory asset lock. It therefore includes all associations, cooperatives, mutual organizations and foundations. In addition to these traditional legal forms of SSE, the law opens up the field of the SSE to commercial companies the purpose of whose economic activity is social utility (support to persons in a situation of fragility, combating exclusion and inequalities, education in citizenship, sustainable development) and whose management meets the following criteria: to allocate their financial surpluses in priority to the social mission and to compulsory reserves, to refuse to negotiate their shares on capital markets and to implement a more equitable wage policy (with a wage scale from 1 to 10 maximum). These commercial enterprises can be recognized and labeled as solidarity enterprises of social utility (ESUS) by public authorities at a regional level (prefecture).

From this perspective, it is not easy to analyze the third sector in France with the definition adopted by the TSI project. Data are available for the Social and Solidarity Economy (SSE),

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[1] Consider the effect of moving from the "micro" income band (£0 – 10 000) to the next size band up (£10 000 – 100k). This could be a 99 999% increase in income (from £1 to £99 999) or a 0.01% change (from £9999 to £10 000). Treating this just as a change from one category to another is not informative.

although sometimes called third sector by the national statistical institute. It includes all associations, cooperatives, mutuals and foundations. Some cooperatives that are not in the scope of our third sector definition are however included in the general data on SSE presented in this national report. On the contrary, for the time being data do not include commercial enterprises that could be integrated into SSE, since the new Law on SSE adopted in July 2014, and that would be in the scope of our definition of the third sector.

Despite these conceptual and measurement differences, the reality described and analyzed below fits the TSI approach of the third sector. Indeed, as explained below, a vast majority of SSE organizations in the three selected policy fields (social services, culture and sports) are associations (nonprofit organizations), which are part of the third sector as defined in our project.

The data presented below concern 2011 and are extracted from different sources (INSEE, 2012, Atlas de l'ESS, 2014 et CNCRESS, 2014).

An important contribution to the economy
SSE accounts for more than 10% of the total employment in the French economy with 2,3 millions of paid workers (9,7% of total employment in FTE). It represents 13,8% of total employment in the private sector.

SSE produces 5% of the value added (Bisault, 2014) and pays 8% of the wages paid in the whole economy (INSEE, 2015).

A vast majority of establishments (with at least one paid worker) within SSE are associations (84,3%), 11,7% are cooperatives, 3,3% are mutual organizations and 0,6% are foundations.

Within the 223 000 establishments with paid workers, associations employ 78,2% of the workers, cooperatives 13,2%, mutuals 5,6% and foundations 3,1%.

Small is dominant
SSE is composed by a myriad of small organizations (64% have less than 5 employees) and by very few large organizations (only 1% have more than 250 employees).

However, we observe a concentration of employment within organizations with 20 or more staff. The weight of SSE's employment within total employment in private organization is higher in this category of enterprises. SSE employment counts for 14,1 % of employment in private organizations from 20 to 49 employees, 18,9% of employment in private organizations from 50 to 249 employees and 15,6 % of employment in large enterprises (of 250 or more employees).

More than 67% of employees of SSE are women, which is more than in the public sector (60%) or in the private sector excluding SSE (40%). This can be partly explained by the sector division of employment. SSE organizations are major employers in social action, education, financial and insurances activities and in health services.

SSE is indeed the first employer in the social sector (62% of employment of this sector) and in sport and leisure activities (55% of employment of this sector). It is the second employer in financial and insurance activities (30% of employment of this sector). SSE is also an important employer in performing arts (27% of employment of this sector) and in education (19% of employment of this sector) – see table 5 in the annexes.

If we consider employment within SSE by legal form, 47,4% of employees within associations are located in the social sector, 18,5% in education and 12,3% in organizations whose sector is not identified.

For the cooperatives, financial and insurance activities concentrate the majority of employees in cooperatives (59,1%), followed by commercial activities (19,4 %) and support to enterprises (6,3%).

This concentration on financial and insurance activities is even stronger as far as mutuals are concerned (65,6% of cooperative employment); 16% of employees are in health services and 14,1% in social action. In 2011, health mutuals (including provident societies) have 80 448 employees while insurance mutuals have 39 823 employees, (less than the half).

Lastly, within foundations, a large part of employment is to be found in social action (43,9%) and health (33,8%).

A positive trend in terms of employment creation

During 2008-2011, the trend of job and enterprise creation within SSE has slowed down compared to 2006-2008 but is still positive, while the rest of the private economy had a negative trend. In three years, SSE has therefore increased its share in the total economy (in terms of jobs and enterprises) of 0,5 point.

Volunteers as an important resource

Volunteers are a major resource for most associations. To measure voluntary work is not easy (Archambault et al., 2010). Given that there is no specific accountancy dedicated to volunteers, their evaluation comes from two different sources based on surveys of the population or of associations. A vast survey on associations has been realized at the end of 2014. It is the first one that covers all associations (Insee Première, n°1587, mars 2016). In 2013, 11 million people or 22% of the population aged from 16 or more, declared to have worked as a volunteer (to provide services without being paid) within the last 12 months in an association or in another type of organization. All together, hours provided by volunteers are equivalent to 680 000 FTE jobs. The major part of these hours is realized in sports and leisure activities and in cultural ones. Sports associations (25% of associations) rely more than the other associations on volunteers, since they mobilize 25% of volunteers hours but only 4% of paid workers within associations.

The intergenerational renewal as a major issue

This issue concerns both paid workers and volunteers: 600 000 jobs will have to be renewed until 2020. Executive positions are particularly affected since 38% of enterprise heads and executives are 50 years old or more. Note also that 34% of presidents are more than 65 years old (Tchernonog, 2013).

The need to improve job quality

As shown by most surveys and statistics, wages are often low, in particular in associations. Indeed, in 2009, employees of SSE organizations earned, on average, 16% less than in the rest of the private sector and 7% less than in the public one, in full-time equivalent (Bisault, 2011). This difference is mainly due to the situation of associations and to their financial fragility, given their large dependency to public resources. Wages are particularly low in social action, sports and cultural activities.

Short-term contracts and other non-standard or "atypical" contracts remain important (27% within SSE, against 15% in the rest of the private sector). Long-term contracts constitute 72,7% of the labor contracts in SSE, against 85,2% in the rest of the private sector. Note that part-time jobs are less frequent in SSE (62%) than in the rest of the private sector (80%) and in the public sector (76%). Nearly 30% of employees are more than 50 years old.

However, the overall job satisfaction is higher in SSE's organizations (Richez-Battesti, Petrella, 2010; Chorum, 2013) and wages inequalities are smaller (Bisault, 2011).

4 Policy field under study: Social services provision

Social services mainly include help for disabled and dependent persons (adults and children) through home care and lodgings (ex. health care facilities, nursing homes, shelters), childcare services**,** work integration organizations and other social services for persons in need.

In 2011, social services are the first activity field for the SSE organizations with 62% of employment in social services (39% of employment within SSE). SSE organizations are the first employer in this field. More precisely, associations are the major employer and provider in this field (94% of the employment and 96% of the establishments). There are also foundations (3%) and mutuals (2%). Cooperatives are more or less inexistent.

There are 33 000 SSE organizations with paid workers and 717 000 FTE in SSE (in 2011). Although 74% of workers are women, SSE organizations are the ones that hire the largest proportion of men (26% compared to 11,5% in the private sector and 17% in the public one). In this sector, employees count for almost the half of paid workers (89% of them are women).

Workers in SSE are older than in the private sector. There is a larger proportion of workers of 40 years old or more while in the private sector, a larger proportion is under 40 and even under 30 years old.

Note that there are a large proportion of associations without paid workers (72% of associations in social and health services). Social and health services count for 16% of total volunteers with an average number of 21 volunteers per association (Tchernonog, 2013).

There are less full-time (53%) and long-term contracts (75%) than in private commercial enterprises (56% of full-time contracts and 83% of long-term ones).

4.1 History

Social services are for long provided by nonprofit organizations that functioned mainly with volunteers. These organizations became more and more professionalized, hiring paid workers to provide the services. They also became more recognized by public authorities and received public funds for their mission designing what could be called a "welfare partnership" or compromise between the state and nonprofit organizations. Employment in this field of activity has always been mostly feminine.

This "partnership" is, for the last decade, in deep transformation through the opening of these services to for-profit enterprises, through tendering processes and demand subsidies, through the emergence of the New Public Management paradigm, within a context of constraints on public expenses.

4.2 Legal environment

Social services are mainly provided by nonprofit organizations (associative form in France). There are very few cooperatives (scop or scic) in this field and some mutual organizations are providing health care services but no social services neither home care ones.

The main legislation for social services is the Law of 2002. One major progress made by this law is the obligation to give more space to the participation of users and to develop internal and external evaluation tools. This law introduced a new tool has been adopted to facilitate and foster cooperation and mutualisation between different organizations with a nonprofit status, the GCSMS (*groupement de coopération sociale et médico-sociale*).

Two more recent laws have influenced home care services for the elderly in particular. The law of 2005 related to personal home care services that opened the field to for-profit providers and the law of 2010 (*Hôpital, Patient, Santé, Territoire* - HPST) that generalized the tendering processes within this sector. Now, the number of for-profit providers is higher than the number of nonprofit ones, even though nonprofit organizations are still the main providers in terms of employment and market share.

Note that these laws have contributed to the recognition and valorization of this sector but providers often complain against the administrative and legislative massive tome and complexity of this sector.

Note that childcare services have their own legal framework that has deeply changed in the years 2000 as well. Major changes that occurred are the same as home care services since

they opened the field to for-profit providers, they developed tendering processes and increased competition between nonprofit and for-profit providers.

In both home care and childcare services, major barriers to their development are coming from the heterogeneity of legal statutes (associations, commercial enterprises, public organizations) that lead to different legislations in terms of quality requirement and access to public financing.

The legal statute « association » (nonprofit organization) has a lot of advantages, in particular the fact that it is very easy to set up an association. However, this statute does not seem always appropriate if an association needs to adopt an economic development strategy.

As fare as mutual organizations are concerned, there were major legislative changes that deeply transformed these organizations, in particular at the European level (see Solvency I and II).

4.3 Subsector infrastructure

There are a lot of federations or unions of associations in the field of social services. There are also a growing number of umbrella organizations that are created on a territorial basis. Let us mention for instance the creation of the PRIDES *Pôle Services à la personne* (*Pôle régional d'innovation et de développement économique solidaire*) in 2007. The aim of this structure is to provide technical assistance (financial one but also for human resources management) to home care services and, for the last two years to social services in general.

There are also several support structures aimed at advising associations on various issues, such as financial issues, marketing or human resources management. Let us mention the reference scheme, the *dispositif local d'accompagnement* (local support scheme paid by public authorities and included in the law of 2014).

However, theses tools lack of clarity and coherence. Associative structures do not always know how to choose between the different tools or structures at their disposal. Note also that the structures that ask for some technical help are not the ones most in need. One issue therefore is to reach the structures that need help but do not look for it. There is a need of communication and clarification of the tools proposed.

Given the increased technical and managerial complexity, supporting associations has become essential and has to be encouraged. Associations need to be more strategic in their decisions and to better anticipate the changes in the environment they will have to face in the future. Associations often wait too long to ask for some help and it is often too late. Support organizations have also to adapt to these evolutions and propose a more accurate help, in particular in providing decision-making tools, which is not always the case.

Note that very few social services organizations ask for consultancy from private businesses, except for mutual organizations that need for expertise in very specific fields (juridical,

marketing, actuaries). Federations also provide some support and counseling to mutual organizations. The federative system of mutuals is well organized at the local, regional and national level. There is also a professional organization of all the directors.

4.4 Governance

Associations are characterized by a two-headed governance, with volunteers in the board of directors and paid directors in charge of the operationalization of the strategic decisions adopted by the board. While essential, this dual governance is not always efficient and can be source of conflicts and inefficiencies.

The evolution of the institutional and economic environment makes this dual governance more difficult. On the one side, TSO have to improve their professionalization through the acquisition of technical and specialized competences. On the other side, they need to keep their social values and mission at the heart of their actions and involve volunteers in the board that share these values to protect them. The board has indeed a double mission: to safeguard the social values and the social project and to govern the organization in order to make it efficient and durable.

Until now, volunteers entered the board because their shared the values with the organization, not because of their technical competences that could help the organization. Some conflicts emerged recently when the board hired a director who had technical and commercial competences that may be in tension with the social values shared by the board. Tensions between the board and the direction are common within older associations. In some cases, the board does not effectively decide anything anymore, the director has got the power and the board follows and approves his decisions.

However, the composition of the board is slowly changing. Some associations are trying to form a "competence-based" or "strategic" board. The same change can be observed as far as paid directors are concerned. These evolutions raise the question of how to combine social mission and technical management. This tension is not new but has been exacerbated recently given the evolutions of the environment and the growing size of some associations (see below). Two different types of (paid and volunteer) directors can be found: directors who have an institutional strategic vision and directors who have a clear market-oriented strategic vision (as in the case of social enterprises).

One major issue is the need of training for paid directors and for the volunteers from the board. This makes the recruitment of volunteers more difficult but it appears to be crucial. Training on decision-making and on strategic decision is needed to help associations to survive in their new environment.

In terms of internal democracy, a lot of issues have been raised. A first one concerns the representation of employees within the board, which is not often the case. A second one concerns the involvement of users in the board as well but in the organization more largely. A

third one raises the question of how to preserve democracy and workers' involvement in the organization when the organization is growing in size (in order to benefit from economies of scale and survive). A thought on the management tools needed to renew democracy, participation and social dialogue seems today necessary.

This is in particular the case for mutual that have merged and are now very large in size. Mutuals have some difficulties to find volunteers for the board given the complexity of their mission and of the regulatory environment. This is why some directors of the board receive a monetary compensation for their involvement (but still smaller than the wage earned by directors in insurance companies). Moreover, to find volunteers is even more difficult for mutual organizations since they are considered as old-fashioned or outdated organizations… There is a real issue of generational renewal.

4.5 Personnel (Human resources)

4.5.1 Board and paid director

One major issue today concerns the competences needed to be the « ideal » director of a TSO. He needs to be a « rare bird », a « hero », who would have technical and commercial competences while being militant and sharing the social values of the organization. His task is far from being easy since he needs to have a strategic vision for the organization and be able to anticipate the evolutions of the environment that changes rapidly. By strategy, we mean to develop niche, differentiation or growth strategies to create value added and gain market shares. He also needs to be able to make all the stakeholders agree on the way to pursue the mission of the organization. Within social services, some associations have tried to recruit directors with a commercial background. Several associations collapsed because of the gap existing between the freshly engaged "business-oriented" director and the staff. However, the situation is different if we consider social enterprises, which often have a director coming from a business school.

4.5.2 Paid workers

A second issue deals with the management of human resources. It should become a real concern for most TSO in this sector. There are still a lot of organizations for which human resources management is not at stake, is not really developed. In some cases, there is a mix-up between the role and position of each worker in the organization. Emotional management is still very common. Training of the directors would be useful.

In terms of recruitment, associations or mutual organizations do not face important problems. However, some associations mentioned that their problem was to attract young people and to retain their workers. Indeed, in social services and in home care services in particular, there are not a lot of career opportunities. Home care services differentiate from other social services providers since there is an important turnover that can be explained by the hardness

of the work. The transmission of the organization from one director to another is also an important issue. It is usually not well planned nor prepared.

In terms of recruitment, mutuals have to adapt to the increased technical skills needed to work within such organization. They now recruit people with a master degree.

4.5.3 Volunteers

As far as volunteers are concerned, situations are very heterogeneous. While all associations have volunteers in their board, not all of them have volunteers helping in the provision of services. For some associations however, volunteers are still at the core of the project. Beyond this diversity, most of associations agree that to attract volunteers become more and more difficult given the complexity and the technological turn that characterize these activities today.

For those organizations that combine both volunteers and paid workers, one major issue is the management of both together. Tensions or confusions between the tasks of volunteer and paid workers arise, in particular when the association used to work with a lot of volunteers and had to progressively professionalize and hire paid workers instead of volunteers. Volunteers are less and less present in a large part of associations although necessary for the organization. There is therefore an important issue in terms of human resources management as far as the interaction of volunteer and paid workers are concerned. As mentioned by Dussuet et al. (2007), relative positioning of both volunteer and paid workers have changed. We ask volunteers to become more professional and paid workers to share social and solidarity values. One proposition is to give a monetary compensation to volunteers to recognize the value of their engagement but this proposition is not accepted by most of stakeholders who see in it a marketization of the social world.

Last but not least, this confusion between the different roles and tasks of volunteers and paid workers is seen as a barrier to job quality improvement and career development within the organization.

4.6 Sources of motivation

One major result of our inquiry is that to find a meaning in his job is still crucial for workers in the social sector. A distinction has to be made between low-skilled workers whose motivation is first to get a job and higher-skilled workers and directors, for whose the meaning they find in their job is central for their motivation.

Note also that working conditions and job quality are part of their motivation to work within an association or a mutual organization. Wages are not lower in mutuals than in private insurance companies and social dialogue seems to be more organized. Moreover, it is compulsory for any mutual to propose some profit-sharing scheme to their employees. Within home care services as well, working conditions are not systematically worse than in private commercial services. Even, they can be better in some associations. The values shared

but also decent working conditions are therefore the main motivation reasons to be recruited in a TSO.

4.7 Finances

Financing is one of the major barriers that TSO are facing. As far as public financing is concerned, several trends are identified: a public grants reduction, the transformation of the type of public financing sources and an increased uncertainty or variability of public funds. Public resources are more frequently coming from territorial or local public bodies (such as the Region or the municipality). This multiplicity of financial sources increases the parceling out, their short-term dimension and uncertainty of public funds. Files to be filled in are becoming more and more complex for smaller budgets. A larger part of public funds is now allocated through a tendering process (evolution from grants to contracts). Tendering processes are quite at risk for associations. To compete with for-profit organizations, associations need to reach a sufficient size and possess competencies in order to be able to answer to these tenders. They also put associations into a position of « answering to the public procurement » which can be a risk for their autonomy and their innovative capacity to reveal and meet emerging social demands. This process has been reinforced by the Law "*Hôpital, patients, santé, territoire* (HPST)" adopted in 2009. With these evolutions, associations are considered as social services providers and do not take part to the definition and the implementation of public policies. Associations are more on the defensive or in a survival position than in a co-building or developing strategy.

In other words, one issue is to have access to equity (in a context in which banks do not lend easily to associations). Public authorities have created the Public Bank of Investment (*Banque publique d'investissement/*BPI) in 2012 to facilitate access to capital for associations (for instance through a social and solidarity participatory loan and through a loan guarantee given to associations which want to borrow from the bank). To improve access to banks, associations need to consider them as partners, create a dialogue and build trust without waiting that the situation worsens. Most banks do not know a lot about SSE.

Access to equity is not a problem for mutual organizations. Since the law on SSE adopted in July 2014, mutual can issue bonds considered as quasi equity. In addition, associations do not have an easy access to public funds dedicated to innovation or individual aids to enterprises.

For TSO's, the main challenge is therefore to be able to diversify their financial resources avoiding on the one hand to rely on too many market resources (leading to the "marketization" of their structure and project). On the other hand, their reliance on voluntary resources is also challenged today by the need to professionalize their activities in order to meet the qualification criteria of their activity field. Some hope can be found in the development of sponsoring or crowd funding practices but there are still marginal today and more suitable to finance "one shot" project. All together, sponsoring and crowd funding will

not be a miracle solution to financial problems. An exception has to be made for mutual organizations since 90% of their financial resources come from users subscriptions.

Very few TSO's apply and benefit from European funds. EU projects are very complex to build and funds are received with a very long delay (2 to 3 years after the action has been realized). Such delay is impossible to deal with for small associations who lack from liquid assets and EU projects are too heavy for many large associations because of an administrative load and control too heavy. They would "rather die", as mentioned by one expert we interviewed.

Therefore, it is the equilibrium of their « resource mix » that is at stake now. This « hybridization of resources » is now recognized as one way to keep their social mission while dealing with the competitive and institutional environment constraints. Partnerships with private and public structures may be needed to preserve their resource mix.

Finally, related to the financing issue, the question of the relevant size of TSO becomes central. Services sharing and mergers appear for some stakeholders as the solution to reduce the costs and to be able to answer to tenders. However, changing size or scale may jeopardize their democratic governance and their local anchorage.

4.8 Institutional facilities

In the case of social services, it is hard to give a general answer on the institutional facilities given the large heterogeneity of situations. It depends on the sub-sector. For instance, historically, mutual organizations have important assets (properties). But there are behind as far as their investment in digital technologies is concerned. However, it is now one of their priorities.

However, it is important to note that there is a general tendency towards pooling of resources to reduce costs. To share some premises is quite common between associations.

Note also that home care associations do not have access to funds to invest in new technologies, which makes an important difference with commercial private enterprises.

4.9 Image

In general, TSO's are little known or understood by society at large (grand public). People do not make the difference. However, this situation is slowly changing, in particular since the adoption of a law on Social and Solidarity Economy in July 2014.

Note also that the image is different if we focus on public authorities that do not always consider TSO's positively. They consider that they lack of professionalism (amateurs), that they want always more public funding and that they would not let them free easily (they are seen as "itching powder"). This image is progressively changing and varies a lot across public authorities… For some experts, TSO's are becoming more and more professionalized.

Some suggestions have been made to improve their image: to invest more in public relations, to be part of a professional network or umbrella organization, to make their accounts public and communicate about it and to be hosted by the Foundation of France (which gives the association some credibility).

For mutuals as well, there is a negative image of an old-fashioned organization but they have started to invest in marketing and communication to change their image.

4.10 Inter-organizational linkages

Cooperation between associations is strongly recommended by public authorities (mainly to decrease the number of representatives to discuss with and to reduce the costs, at least theoretically). In the meantime, public authorities increase competition between them by developing tendering out processes. Many stakeholders have mentioned this paradoxical situation.

Although there is real move towards different types of cooperation (from services or premises pooling to mergers) – a large concentration movement is expected –cooperation is not easy neither always successful. The distribution of power is a hard issue to deal with while starting a cooperative dynamic.

As far as relationships between TSO's and private commercial enterprises, there are still very few initiatives but it is the end of the « ideological war », some are becoming closer, barriers are breaking down, in particular for Corporate Social Responsibility practices. One specific type of cooperation between associations and private companies is currently developing and worth mentioning: the competence sponsorship (*mécénat de competences*), by which some workers from private companies can transmit their competence to TSO's on a voluntary basis.

Concerning the linkages between TSO's and public authorities, TSO's are not often considered as partners in the building of public policy, a tutelary or top-down logic is still predominant while public authorities have expressed their interest towards TSO's.

In the case of mutuals, the situation is quite similar: they are in competition but they cooperate for example when they co-manage some care services. Note that historical linkages between health and insurance mutual organizations and cooperative banks are changing now since cooperative banks are developing insurance activities and therefore become their competitors. In addition, there are very few synergies with associations.

However, the competition with private business insurance companies is now stabilized. As far as public authorities are concerned, the relationship with mutuals is complex since mutuals do not constitute a real lobbying force.

Therefore, the role of the Chambers of Social and Solidarity Economy, at the regional and national level is crucial in terms of representativeness of TSO's as do chambers of commerce. The law on SSE in July 2014 has indeed recognized their role.

Main barriers for social services field: summary

Facing deep institutional environment transformations, social services TSO's have to deal with a more competitive environment, with more performance pressures and with less and more uncertain public financial resources. Pressures on grouping and changing scale to benefit from economies of scale and cost reduction are high as well as on diversifying resources to reduce reliance on public funding. Within this context, TSO's need to adapt their governance structure towards a more competence oriented one and to professionalize both paid workers and volunteers. Human resources management is also becoming a central issue. All together, the major challenge lies in the need to find a way to conduct profound organizational changes while not loosing their associative specificities.

5 Policy field under study: Culture

Culture is the 4th activity field for SSE with 27% of employment in cultural activities in 2011. SSE has an important place in this sector, shared with public (36%) and private (except SSE) organizations (37%). Although SSE employment in this activity field counts for 1,5% of total SSE employment only, if we consider the number of cultural organizations, SSE represents a large majority of them (within performing arts, 78% of the organizations belong to SSE). Almost all SSE organizations in this field are associations (96,3%).

Culture is a very diversified sector. In our study, we only consider TSO's in performing arts (counting for 46% of cultural associations). The sub-sector of performing arts is characterized as follows. Data are for 2011 (Culture Chiffres, 2014):

- 267 000 cultural associations, (only 13% of them have at least one paid worker)[2],
- Very small associations: the average size of a cultural association is 5 paid workers;
- 169 000 FTE paid workers within cultural associations, that counts for 9,4% of employment within associations;
- Less workers in long-term contracts in SSE (52%) than in the rest of the economy (72% in the public sector, 77% in the private sector excluding SSE); the proportion of long-term contracts is even lower (30%) than the average for the associations in general (47%); more short-term and non-standard contracts (occasional workers) (40%) than the average (22%) for associations; note that occasional workers have a specific legal statute that gives them the opportunity to get some unemployment allocation between two jobs (in 2007, 14% of paid workers within cultural associations have got this statute) ;
- Within SSE organizations, there are more employees under 30 years old than in the public sector (more than 44% of employment are older than 45 years). The private sector (except SSE) is the main employer of young people (under 25).

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[2] According to Tchernonog (2013), 84% of associations in the cultural sector do not have any paid worker.

- Within SSE organizations, the proportion of women and men employed is rather equal, as in the public sector (by contrast with the private sector excluding SSE that employs a 57,2% of men).
- The proportion of executive jobs is higher within SSE (36,6%) than with the public sector (28,1%) or the private one (SSE excluded) (26,3%). These executive positions are assumed by a majority of men.
- Higher educational level: 65% of employees have a diploma of higher education (equivalent bac+2 minimum), while there are only 41% in the associations in general;
- 189 000 FTE of volunteers, which counts for 20% of volunteers in associations in France. Tchernonog (2013) has reached a similar proportion. According to her work, this sector mobilizes 17,6% of volunteers in France, with an average of 19 volunteers per association.
-

Cultural TSO's are less dependent from public funds (40% of their budget) that associations on average (49%). They have less access to tendering processes and mainly receive public subsidies.

There are major differences between organizations in terms of public support – that varies from one activity to another and from the organization size. Most public funds go to the biggest and oldest organizations. This concentration of resources raises the risk of homogenization of cultural production. A major stake for this sector today is therefore to perpetuate small associative initiatives. These associations rely on employment subsidies that do not allow them to hire qualified workers although there is a need for skills and qualified workers.

There are mainly two types of cultural associations:

- Associations existing for 10 to 20 years that are forced to adapt to the new environmental conditions;
- Associations newly created are closer to TSO's practices and have integrated the new conditions of success, in particular in terms of combining resources from public and private sources.

5.1 History

The cultural third sector is a very dynamic sector. It has benefited from the impetus of cultural policies that developed in the 60's and 70's. The development of training and educational programs concerning cultural professions or occupations helped to support this growth. It also contributed to the professionalization of cultural associations.

This positive trend is still present. The annual growth of this sector is on average 4,5% from 2005 to 2011 en % while it is of 2,8% for associations, all sectors included (Culture Chiffres, 2014). This trend is however slowed down by the lack of financial resources.

However, the size of this sector is difficult to estimate since it is not always easy to identify the cultural dimension of some associations.

Since 2005, with acceleration since 2010, there is a true evolution of cultural actors toward a more entrepreneurial behavior.

Today, the issue at stake is to strengthen the link between the cultural and artistic project and the territory. Culture used to be considered as outside society, disconnected from the territory where it has developed. This can be seen as a sort of democratization of culture. The role of cultural associations in terms of citizenship, social inclusion and popular education has to be highlighted. From this perspective, it is important to think of how to better involve inhabitants in the cultural projects. The next step is to make the inhabitants actors of cultural projects. To involve them in a board could be one solution to make them participate.

5.2 Legal environment

Within performing arts, 95% are associations, with some exceptions in specific arts activities (visual arts). Some artists are free-lance. However, this legal form is often adopted by convenience and for practical reasons, as encouraged by public authorities. There is neither a collective project nor a democratic life within the organization. The associative form is indeed very practical at the beginning when you don't need a lot of risk capital but can be less adapted once it is important to develop a employer's role and attract some risk-capital.

There are a lot of debates and discussions about the adoption of a cooperative form but there are very few projects brought to fruition. To become a cooperative (scop or scic), there is a real need to build a collective project and to take some distance from the vision of the charismatic artist alone. Stakeholders who are involved in the creation of a cooperative are more conscious of the need to develop a collective project, to diversify resources while keeping central the cultural and artistic dimension.

Note also that we observed the emergence (or re-emergence) of collective groups without any legal formalization.

5.3 Subsector infrastructure

There are some support organizations dedicated to culture but not many.

Cultural associations are not often associated with other TSO's, meaning that everybody has his own expertise organizations. Cultural associations do not contact support structures dedicated to TSO's, except for a public support tool open to all associations that is frequently used by cultural TSO's (called the *dispositif local d'accompagnement*). However, in general, cultural associations need for technical support, in particular in project engineering.

In terms of subsector infrastructure, there are important territorial inequalities between large cities (such as Marseille where support is available) and remote or rural areas.

To structure support or intermediary infrastructures specific to cultural organizations (that could be achieved through TSO's support infrastructures) is a real issue.

5.4 Governance

Governance is a real issue for cultural associations.

Traditionally, the artist created his own association. Eventually, he hired paid workers but the project used to stop when the artist left. As mentioned by one stakeholder we interviewed, we can compare this process to the Egyptian tradition: when Pharaon died, all his staff was buried with him.

In terms of governance, there are several crucial issues at stake:

- How to build a board of directors really involved in the project and capable to work hand by hand with the paid director (who is an artist and who often was the founder of the association)?
- What place is given to users or inhabitants in the governance? How to involve them?
- How to prepare and secure the transmission of the project, once the director leaves?
- How to diversify resources to secure the project?
- How to take the employer's responsibility on?

One major issue for cultural TSO's is to build internally collective governance, more strategically oriented in order to challenge the complexity of the environment (high administrative complexity, search for new sources of financing, develop new strategies and partnerships at the territorial level, etc.).

5.5 Personnel (Human resources)

5.5.1 Board of directors and paid director
There is a lack of employer's culture in cultural associations. The artist is not used to be a boss neither to manage a team… There is a need to professionalize the employers. Strengthen the network, develop partnership and think collectively are some ways to be taken to professionalize this sector.

One major problem is the transmission of cultural projects to new teams and generations.

5.5.2 Paid workers
There is no problem of recruitment since the cultural sector is quite attractive, in particular for young workers. However, there is a high turnover since job security is weak, wages are low and carrier opportunities are not restricted. A lot of employees cannot live with their wages.

Another difficulty is to deal with a diversity of employment contracts and professional statutes: skilled workers, subsidized employees who are less qualified and have a short-term contract, occasional workers, civic service contracts and volunteers.

Indeed, there is no debate on job quality within cultural associations. It is a taboo although it is one major issue in this sector.

5.5.3 Volunteers

Cultural associations are governed by a board of directors that does not have a strategic vision and is not competence-based, although, boards are slowly changing, such as in social services.

Volunteering to help for some activities, outside the board, has developed by necessity, to compensate for the lack of other types of resources. There are also volunteers who traditionally help for specific actions, such as for a music or theater festival.

5.6 Finances

Public subsidies are a major source of funds for cultural associations (40% on average of their budget). Public resources are more diversified than in the past. Their main sources are coming from municipalities (14% of the budget is coming from municipalities, 9% from the regions, 9% from the State, 1% from European funds, 1% from social organisms and 3% from other public sources). This diversification has increased their administrative burden, each public authority asking for a specific document to be fulfilled to get some subsidies. The multiplication of these documents is time-consuming and associations are asking for the centralization of these documents in order to fulfill a single file for all public agencies.

The main issue is to diversify the resources of cultural associations. They need to get some non-monetary resources and to try to increase the value of intangible assets.

To get sponsorship is still difficult, in particular for small associations. It needs a real investment in competences (in fundraising) and in time. Some sponsorship with local enterprises on a territory could be developed.

European funds are marginally used because small associations do not have the administrative team neither the cash flows to face the gap between the time you need to spend the money and the time you receive the funds. Some European funds have however been identified. There are organizations that are helping small associations to get these funds, since local public funding is expected to reduce.

Access to financial banking is not easy but some cultural associations are quite creative in finding access to financial resources (such as the *Caisse des Dépôts et Consignations* or the Public Bank of Investment -BPI)

Social enterprises in the cultural field are developing today. It is important for them to combine both an artistic dimension or project and a managerial dimension.

5.7 Institutional facilities

France is in general well off as far as institutional facilities for cultural organizations are concerned, both in number and in quality. This does not mean that cultural actors do not face any budget or resources constraints but when constrained, they develop a lot of creativity and patch-up work to get through.

Concerning the use of digital technology, not all cultural actors have invested in these technologies nor developed the corresponding competences. Some delays have to be noted.

5.8 Image

Cultural TSO's are not well visible from the general public. The cultural sector is diversified and not well structured.

However, cultural associations play a role in social inclusion and social link at the proximity level that need to be recognized and valued.

This image is changing recently: the artist comes down from his pedestal and is now at the core of the society and in relation with its territory.

5.9 Inter-organizational linkages

Cultural actors are not used to exchange practices, to identify models, to share experience and swarm. There is a need of mediation structures to create some exchange spaces, some bridges between cultural actors. In a way, every one "reinvents hot water in his place".

Cooperation between cultural TSO's is growing, by necessity, even though competition is increasing as well. Some tensions are emerging between organizations. This is why the term "coopetition" is used in this sector.

The cultural third sector is not enough structured in order to be represented or to organize lobbying towards public authorities at all governance levels. The cultural third sector is composed by a myriad of small associations. Professional organizations or unions are not very common. Note the creation in 1999 of a federal union of cultural TSO's, the UFISC (*Union fédérale d'intervention des structures fédérales*), composed of 2000 members. They collaborate to promote another vision of cultural activities, anchored in their territories and acting in favor of democracy and citizen's participation. Note also the existence of the COFAC (*coordination des fédérations et des associations de culture et de communication*).

As far as the relationships with the public sector is concerned, there is a growing tendency for cultural associations to execute public orders and not to propose innovative projects, which is one result of the spread of tendering processes.

Concerning cooperation with private commercial cultural enterprises, a new trend is emerging. The ideological obstacle slowly becomes less strong, cultural associations start to realize that the private sector has got some financial opportunities for the sector. Private companies could give money without compensation or with less compensation than what would be expected with public money.

> *Main barriers for cultural TSOs: summary*
>
> *Main barriers for cultural TSOs concern the need to foster governance as a collective project and to improve job quality, professionalization and human resources management, the latter being not yet an issue for most TSOs, given their very small size.*
>
> *One major particular issue for cultural TSO's is to strengthen the relationships with other fields of the third sector and to develop their structuration in order to reinforce their advocacy and lobbying capacity. One challenge is to find their structuration mode to be adequate to the needs of the sector.*

6 Policy field under study: Sport

Sport is a sector characterized by multiple faces. Sport practices can be individual or collective, need important and costly infrastructures or nearly none and can be realized at a very high level or as a hobby, as a professional or as an amateur. Moreover, sport can be developed with different missions, such as education, social integration or public health (for instance, there are initiatives to develop sport activities within enterprises to manage stress).

The "Sport and leisure" sector is the 2nd activity field of the third sector with 55% of employment in this sector and 78% of the employers' establishments. Although this sector represents only 3,3% of total employment of SSE, SSE is at the origin of a majority of employment, as mentioned. Nearly all organizations are associations (99,9% of TS providers and 99,8% of the TS employment).

Sports associations are difficult to estimate. Globally, in 2012, there were at least 210 000 associations of three types (Malet & Bazin, 2014):

- Associative clubs (165 000), 100 federations (umbrella organizations)
- Associations whose main activity is sport (10 000)
- Associations whose secondary activity is sport (min 35 000)

There are 31 000 associations that have at least one paid worker (20% of employer's associations), 80 000 paid workers, (around 60 000 FTE), which counts for 4,5% of total

employment by associations. Note that employer's associations are small ones, since 80% of them have less than 3 paid workers.

As for cultural associations, there are less long-term contracts and less full-time jobs (46%) than in associations in general but this proportion tends to increase (it is higher than in 2008). Only 41,5% of women in this field has a full-time job while it is the case of 49,8% of men.

One characteristic of employment in this field is their multi-activity and their seasonality, depending on the geographical or climatic characteristics of the territories. For instance, a lot of professionals in this field are ski instructors in the winter and surf instructors in the summer. To increase their revenues, some professionals change sector activity between two seasons: ski instructor in the winter and agricultural worker in the summer.

Sports are an activity field characterized by the presence of a majority of men (60% of employment) and of young employees (more than 50% are less than 40 years old), although there are more women in SSE organizations than in other types of organizations in this field. The public sector employs the largest proportion of workers of 45 years old or more, while the private sector (SSE excluded) is the first employer of young of less than 25 years old (nearly one fourth of total employment).

Volunteers are essential pillar for sport associations. Based on Tchernonog (2013), 72% of associations have no paid work at all. Volunteering is well developed in this field, it represents 25,5% of volunteers, with an average number of 20 volunteers per association. The limited proportion of structures with paid workers and the large proportion of part-time work (61% of employment) make necessary the presence of volunteers for the functioning of the structures (Observatoire des Métiers du sport, 2010, p.10).

Passion of the sport is a strong motivation. Note that amateur sport is dominant within associations, professional sport being developed by private (non SSE) organizations. The public sector is mainly responsible for the management of sports facilities.

6.1 History

Sport is part of our lives from the Antiquity but it started to be developed with an educative and hygienist objective from the 19th century in France. Most unions and federations were created with an associative legal form after the First World War.

It is only during the 60's that the first large sport infrastructures have been built and that the first diplomas of sport educator were created (*brevet d'état d'éducateur sportif*). The first law directed to sport structures was adopted in 1975. It is also at that period that unions and federations grouped together in a unique structure, the National Olympic and Sportive Committee (*comité national olympique et sportif français*).

A public service of sport was created in 1984, along with the development of public policies in favor of sportive activities. The important place played by sport in public health policies can

explain the long-term involvement of public authorities in the development of sport infrastructure and activities.

6.2 Legal environment

Sport is a field in which almost all the organizations adopt an associative legal form. However, in some specific activities (such as kite surf, rafting, canyoning and other extreme sports), private businesses are the major providers.

As far as regulations are concerned, this sector is strongly regulated in terms of qualification requirements, liabilities, because users sometimes put their lives into the hands of the providers. Regulation also concerns environmental protection and respect in particular for outdoors or nature activities.

In addition, associations need to get a specific agreement concerning physical and sportive activities in order to apply for public funds.

In general, the sport sector is characterized by a high administrative and legal complexity, which raises important issues for volunteers who manage sport associations and need to be trained.

6.3 Subsector infrastructure

By contrast with the cultural third sector, the sector of sports is well structured (vertically and horizontally). Every association is affiliated to a departmental committee who is part of a regional committee. Each municipality has a local representative for sports. Umbrella organizations can provide support but this information is not well diffused among associations.

6.4 Governance

As for other policy fields, the two-head governance that characterizes the associative functioning is not always easy although necessary. Directors of the board need to be trained to become an employer given the administrative and juridical complexity of this sector.

6.5 Personnel (Human resources)

The director has to be polyvalent but is not often trained to manage workers. He is often a sportsperson who takes the direction of an association. He needs to be trained as well. When the association hires only one worker, he/she has to be polyvalent as well. He needs to manage a team of volunteers while assuming all the administrative tasks.

Management of both volunteers and paid workers is sometimes difficult as mentioned previously for the other sectors.

Training, of volunteers in particular, is therefore an important issue for this sector.

There is no major problem of recruitment, except in some rural or remote areas but the turnover rate between paid workers is high. In particular, young people who count for a large part of employment can leave this sector when they get older and have children.

However, as far as volunteers are concerned, more and more associative directors mention that there is a lack of regular volunteers ready to get involved on the long run (La Gueste, Duros, Bazin, Bordeaux, Malet, 2013). This lack of regular volunteers appears to be one major barrier for the development of these associations.

6.6 Finances

As for the other sectors examined, sports associations need to diversify their financial resources, aim which is difficult to achieve. Public resources are decreasing, although there has been a great effort made in the last 5 years by public authorities, via the CNDS (*centre national de développement du sport)* to dedicate public resources to the development of sports accessible to all and anchored in territorial policies and to create skilled and long-term jobs. Sponsoring is not always easy to get and is correlated to the good results of the club or the media coverage. Note that there is sometimes a strong competition between clubs. Increasing membership fees is considered as one option to diversify their resources but the increase has to be limited if sport is to be accessible to all.

6.7 Institutional facilities

There are a large variety of situations since the need for (and the cost of) facilities varies from one sport to another.

This sector is characterized by a larger dependency to local policies since municipalities are the major provider of sports facilities that are at the disposal for associations. However, inequalities are large as municipalities develop various degrees of involvement and willingness.

Given the very small size of sports associations and the restriction of public subsidies, there is a crucial need for sharing and pooling resources. The development of employers' associations, to group some tasks and share paid workers is one way to answer this need. Some tools are provided by the regional committee of sport to help to share and pool resources.

6.8 Image

The image of sports associations is not clear. The image is biased by the reputation of large and successful clubs such as football clubs who are at the core of the medias.

Another strong image concerns the sportsperson itself, considered as passionate.

These two images hide what is really done by sport associations at the territorial level in terms of social link and social development that should be more valued.

6.9 Inter-organizational linkages

Rivalry between sports makes difficult to develop a transversal territorial project.

The entry of private commercial enterprises in some activities, such as kitesurf, canoe, nature expeditions, is quite recent and may change the picture.

As far as public authorities are concerned, there are strong relationships between associations and local public authorities, in particular when sports facilities are at disposal from the municipality.

Main barriers of the sport field: summary

Sport associations do face the same barriers as the other associative policy fields. In particular, governance issues are stressed as well as human resources management ones. Managing sport associations is rather complex given the administrative and legal complexity of this field and given the presence of both paid and volunteering work. In addition, consolidate good quality jobs is a challenge for a vast majority of sport associations, which have less than 3 paid workers and rely on a large number of volunteers. Another important barrier lies in their large dependency to public policies and funds, which can jeopardize their development in the future in the context of public expenditures reduction. Pooling and sharing resources is therefore at stake for these small associations, also in relation with territorial development policies. Structuration of the sector is, by contrast, not an issue since umbrella organizations exist and are most of the time considered as helpful.

7 Common trends

Despite the large diversity of activity fields, common trends have been observed through our interviews and from our online survey.

We have conducted an online survey with similar questions. Only 24 persons[3] have fully answered to the questionnaire and there are coming from a large variety of sectors (5 from social services, 4 from performance arts and culture, 1 from sport, 14 from other sectors, such as sustainable development, fair trade, digital services, waste management, energy…). Given the small size and the heterogeneity of our sample, we cannot consider the results as statistically significant. However, we can use these results as a complement to the interviews we conducted. In general, they confirm what we have found in the literature and during our interviews.

Firstly, note that a vast majority of TSO's in the 3 selected policy fields adopt the associative legal form, although some innovative cases have chosen another legal form (scop, scic, association of employers to pool resources).

Secondly, it is interesting to note that the third sector is characterized by a large proportion of small organizations (less than 5 paid workers) that may explain the observed trend towards pooling, sharing and merging between TSO's.

Thirdly, our study highlights that the deep changes in the institutional environment reinforce existing barriers or limits (see below). Although a major step towards the recognition of third sector organizations has been realized by the adoption in 2014 of a law on Social and Solidarity Economy, three major changes are considered as impeding the development of TSO's:

- The administrative massive tome and the legislative complexity are seen as a huge burden for associations, in particular for the smallest ones;
- The changes in public financing increase uncertainty for associations and the need to diversify their activities and resources. These changes consist of:
    o The decrease of public funds but not only;
    o The diversification of subsidies from large envelops delivered by central administrations to the parceling out between different public bodies at local and regional levels, as a consequence of the decentralization process;
    o The transformation from grants to contracts;
- The increasing competitiveness of the environment, given the entry of private commercial providers and/or the spread of tendering processes.

These changes in the environment have also been stressed by the respondents of the online survey. In particular, nearly all the respondents declared that the increasing bureaucracy is a serious problem (23/24): more than two thirds of the respondents (17/24) declared that it is a very serious problem while 6 declared that is a somewhat serious problem. The lack of public

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[3] These respondents are 13 women and 14 men; a majority (14) is between 30 and 50 years, 4 are less than 30 and 6 are more than 50; 6 are the director of their structure, 7 are members of the board of directors, 11 have another position in the organization (such as co –funder or associate in a cooperative…).

funds is also considered as a very serious problem for half of the respondents (12/24) and somewhat as of problem for 6 of them.

In terms of governance, most of associations have to (re)-build a two-headed governance, in which the voluntary board and the paid director (or the managerial board when it exists) work hand by hand. In a vast majority of associations, the voluntary board needs to become more strategic and competence oriented. There is a real need for training and for decision-making tools towards the board. As far as the paid director is concerned, he/she has to remain militant while improving his/her managerial competences. Transmission of the project is a real governance issue for many associations as well. Governance issues also concern the willingness to enlarge participation of users through the creation of new committees for instance. To foster participation of members/clients/users is one important issue for a majority of the respondents of our online study (18/24). However, 20 respondents consider that to balance the interests of different stakeholders is challenging for the management of their organization.

As far as human resources management is concerned, the first difficulty is to find a director that is a "rare bird", who is both militant and manager, as just mentioned. The second stake is to strengthen the employer's role of the association and to develop human resources management tools. In some small associations, human resources management is not yet an issue and job quality is a taboo. Although there are no major problems of recruitment, it is necessary to improve employment management and quality to reduce the turnover and offer better working conditions and carrier opportunities. Large progresses have been done, in particular in social services. Indeed, our one line survey highlights that organizations from the third sector are attractive employers (15/24). Note also that to manage volunteers and paid workers together is not always easy for the organizations and is an important managerial issue.

A third common barrier deals with the decrease and, maybe more striking, the deep transformation of public financial support (mainly from grants to contracts) and, as a consequence, the need to diversify the resources. Creative solutions are found by some organizations to survive but no miracle solution has been identified. Sponsorship is seen as one possible solution but it needs time and competences to raise funds, which is not realistic for most small associations.

Increasing the share of fees is a frequent recommendation but it has some limits since in the three selected fields, there is a strong objective of accessibility of the services provided. In addition, note that nearly half of our respondents of our questionnaire (11/24) consider that the need to raise revenues from business activities is keeping them from serving their real purpose.

Volunteers are an important resource for these sectors but TSO's could not rely more on them to reduce costs, especially in such a complex environment. European funds are rarely used in

general, although there are organizations that help associations to get European funds, and not considered as an opportunity, especially for small associations..

To deal with financial and managerial issues, some organizations have experimented an organizational change to diversify their activities, change scale and get bigger. They have adopted different forms of sharing, pooling resources and competences, of cooperation or of merging to reduce costs.

Institutional facilities do not seem to be a common issue. It is difficult to give a general picture given the great heterogeneity but it has not been pointed out as a major barrier for the development of TSO's. Our survey shows that a majority of the respondents (17/24) consider their equipment as up-to-date.

However, differences in the degree of structuration of the sector have been revealed. Social services and sport are well structured by contrast with the cultural policy field. To strengthen the structuration or to build a consortium is important in order to increase their representativeness and their lobbying capacity. Cultural TSO's are indeed currently searching for other forms of networking, less vertical than traditional forms of sector structuration.

Despite these differences in the structuration of the fields, our results show that, even though some technical support is provided, there is a need for more adequate and coherent tools and training, to face the new challenges of the environment. Decision-making tools and strategic support are seen as necessary for most of the people we met. In the same vein, there is a need to strengthen the lobbying forces when they exist.

This leads us to another important challenge for TSO's concerning inter-organizational linkages. Globally, cooperation between associations exists and increases but within a competitive environment, leading some stakeholders to speak about "coopetition". Monitoring cooperation processes is at stake now.

If we consider the linkages with the private commercial sector, most of the people agree that it is the end of the « ideological war » and that some partnership opportunities can now be envisaged. With public authorities, it is important to rebuild partnership and associate TSO's to the design of public policies. Associations are considered as service providers, they are locked into tendering processes and are asked to execute public orders.

Last but not least, one major barrier concerns the image of TSO's that are not well visible for the general public. In fact, the general public does not make the difference between different types of providers nor does it see the value added of TSO's. Half of the respondents of our questionnaire gave a similar answer. TSO's suffer from a limited public awareness as far as they are concerned but it is not a lack of trust neither of confidence in their professionalism.

Note however that a different answer has been given during our interviews as far as the image of TSO's by public authorities is concerned. Some have mentioned that public authorities have

sometimes a negative image. They are still seen as lacking of professionalism or as a "thorn in the side", even though this image is slowly changing. More value should be given to the action of TSO's in terms of social cohesion, equality, social integration and territorial development.

To conclude, the third sector is France is going through deep transformations that concern its institutional and legal environment, its way of financing and hybridization of resources, its internal governance and human resources management. TSO's are pushed towards the market both to face the decrease and the transformation of public funds and to improve their managerial performance. As a result, at the external level, the relationships between TSO's and public authorities have deeply changed. In the new public management context and the spreading of tendering processes, TSO's are seen more as services providers than as co-producers of public policies. This trend jeopardizes its advocacy function and its innovative capacity of revealing new social needs. At the internal level, many TSO's have strengthened their entrepreneurial dimension. Most of them have adopted managerial tools borrowed from the private sector and tried to raise private funds through the sale of goods and services or through sponsorship. As far as internal governance is concerned, note also the need to professionalize both the voluntary board, which has to move from a compliance role to a more strategic and competence oriented one, and the paid director.

Our empirical investigation leads us to stress however that, despite the environmental constraints, there are organizational innovations implemented by the organizations we met to overcome these barriers. Organizational innovations take the form of new types of partnership or alliance between a diversity of structures, new modes of bypassing sector segmentations to develop transversal services, new ways of pooling resources to change scale to survive in a more competitive environment as well as new or less commonly used legal forms in the policy field considered (such as the creation of a cooperative in social services or a collective interest cooperative in the cultural field). Note that the use of the cooperative form in the three policy fields studied is still marginal.

8 Policy recommendations

A first general recommendation is to improve the visibility of third sector organizations and in particular, to give more value and recognition to their impact in terms of employment, social inclusion, social and territorial cohesion and economic development. To elaborate better wealth indicators and impact measurements is an important issue for the future of the third sector.

A second general recommendation is to simplify administrative processes. Surprisingly, along with the pressure to become more entrepreneurial and to increase their managerial performance, TSO's are facing an increasing administrative and reporting burden in the search for accountability and transparency. As far as public financing is concerned, the parceling out of public sources multiplies the administrative burden. As a consequence, TSO's are becoming

highly professionalized bureaucracies. One major step forward would be to propose a unique common form to ask for public grants, whatever the public authority.

In the context of reduction and transformation of public funds, TSO's are pushed towards the market and entrepreneurship. Most of them have adopted managerial tools (control, quality management, accountancy) to improve their managerial professionalism. However, our study reveals that TSO's are facing major difficulties in mobilizing private funds. These difficulties are complex to overcome since they are related, among others, to a lack of competence and time from the organizations and to a lack of understanding and visibility from the private sector and investors of the impact of TSO's. Today, the noose tightens between the lack of both public and private funding and the need to innovate and grow to meet new and increasing social and societal needs.

Beyond financial issues, to face marketization and managerialism processes, several recommendations can be made:

- Support infrastructure and develop access to engineering and consulting;

- Support umbrella organizations to reinforce their representation and support mission in each steps of development;

- Provide training to both volunteers and directors (strategic management, HRM, accounting, law);

- Support cooperation, pooling and sharing processes: the challenge is to grow to survive without loosing his soul and therefore to find innovative ways and organizational set-up of cooperation;

- Foster the development of territorial inter-organizational projects, such as clusters in which TSO's could be involved (see the *Pôles territoriaux de cooperation et de développement économique* in France)

- Support the organizations with the "digital revolution" that can opens great opportunities for the third sector.

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