

Plural economy
and socio-economic regulation

Economie plurielle
et régulation socio-économique



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**PLURAL ECONOMY AND
SOCIO-ECONOMIC REGULATION**

**ECONOMIE PLURIELLE ET
REGULATION SOCIO-ECONOMIQUE**

Eds.
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Marie-Louise von Bergmann-Winberg

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Foreword

Since autumn 1999, a CIRIEC working group, transverse to the public economy and the social economy, works on the theme **"Plural Economy and Socio-Economic Regulation. A theoretical approach to the relationships between for-profit and not-for-profit, private and public organisations in the provision of social and general interest services"**.

Gathering around thirty scientists and experts (economists, sociologists, historians, political analysts,...) originating from 14 countries, this group is coordinated by Marie-Louise von Bergmann Winberg (Mid-Sweden University, Sweden), Olivier Saint-Martin (University of Rouen, France) and Bernard Enjolras (Institute for Social Research, Norway).

The group's objective is to find new approaches analysing the relationships and intersections between for-profit and not-for-profit, private and public organisations in the supply of social and general interest services. The aim is to privilege a theoretical approach to relationships (complementarity, substitution possibilities, competition, etc.), as well as provide concrete and empirical illustrations.

After three years of reflection on this ambitious and complex theme, punctuated with six two-days encounters, the Naples Congress offers the opportunity to come out with a publication presenting the results of a first work phase. Some ten contributions - for which the authors take sole responsibility - bring theoretical, sectorial or national illustrations of what is going on at the hinge between public economy and social economy.

At this still intermediary step of the research, CIRIEC wishes to thank the coordinators, contributors and members of the group for their participation in this original reflection, specific to CIRIEC's objectives. The latter wishes that the working group continues its work under the supervision of its international scientific council.

Avant-propos

Depuis l'automne 1999, un groupe de travail du CIRIEC, transversal à l'économie publique et l'économie sociale, se penche sur le thème **"Economie plurielle et régulation socio-économique. Approche théorique des relations entre organisations lucratives et non lucratives, privées et publiques dans la fourniture des services sociaux et d'intérêt général"**.

Composé d'une trentaine de scientifiques et d'experts (économistes, sociologues, historiens, politologues, ...) issus de 14 pays, ce groupe est placé sous la co-ordination de Marie-Louise von Bergmann Winberg (Mid-Sweden University, Suède), Olivier Saint-Martin (Université de Rouen, France) et Bernard Enjolras (Institute for Social Research, Norvège).

L'objectif de ce groupe est de dégager de nouveaux schémas d'analyse afin d'appréhender les interrelations et intersections entre organisations lucratives et non lucratives, privées et publiques dans la fourniture des services sociaux et d'intérêt général. Il s'agit de privilégier une approche théorique des relations (complémentarité, substituabilité, concurrence, ...) et des processus de prise en compte de l'intérêt général, basée sur des illustrations concrètes ou empiriques.

Après trois ans de réflexion sur cette thématique ambitieuse et complexe, ponctuée par six rencontres de deux jours, voici à l'occasion du Congrès de Naples une publication présentant les résultats d'une première phase du travail. Une dizaine de contributions - dont les auteurs portent seuls la responsabilité - illustrent de manière théorique, sectorielle ou nationale ce qui se passe à l'articulation entre l'économie publique et l'économie sociale.

A ce stade encore intermédiaire de la recherche, le CIRIEC remercie les coordinateurs, contributeurs et membres du groupe pour leur participation à cette réflexion originale et spécifique aux objectifs du CIRIEC. Ce dernier souhaite que le groupe de travail poursuive ses travaux sous la responsabilité de son Conseil scientifique international.

INTRODUCTION

par

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Une partition courante de l'économie consiste à distinguer trois sphères : la sphère marchande au sein de laquelle l'allocation des biens et services est réalisée par le jeu du marché, la sphère non marchande où les biens et services sont alloués par le jeu de mécanismes administratifs et la sphère domestique ou informelle où les biens et services sont alloués sur la base de relations et obligations personnelles. Il est cependant aussi nécessaire de prendre en compte le champ de l'économie sociale composé d'organisations que l'on peut caractériser par le fait qu'elles "hybrident" ou mélangent les trois autres sphères (CIRIEC, 2000).

Si le cadre institutionnel de la production de services d'intérêt général a traditionnellement été celui constitué par les organisations publiques ou non marchandes, ce cadre institutionnel s'est considérablement diversifié au cours des deux dernières décennies. L'importance accrue du rôle des organisations privées lucratives et des organisations d'économie sociale dans la production des services d'intérêt général a conduit à la structuration d'une économie plurielle de l'intérêt général dont les contours institutionnels varient suivant les secteurs et les pays.

Cette évolution doit être replacée dans le contexte plus large des changements socio-économiques qui affectent l'organisation des économies des pays développés dont la dynamique est caractérisée par l'interconnexion de trois phénomènes ou tendances. Tout d'abord le fait que le savoir et la culture deviennent par le même processus d'une part un facteur de production et d'autre part sont transformés en marchandise. Ensuite, le fait que les structures d'information et de communication sont globales et conduisent à un phénomène de compression de l'espace et du temps. Enfin, le fait que ces mutations économiques et sociales s'accompagnent d'un processus ambivalent d'individualisation ou de dé-traditionalisation.

En effet, le développement des technologies de l'information (micro-électronique, ordinateurs, télécommunications) se traduit par une mutation du "paradigme technologique" (Castells, 1996) conduisant à un changement de dynamique des économies industrialisées et du mode d'accumulation et de développement du capitalisme. Le nouveau paradigme technologique affecte donc directement la dimension socioculturelle en ce qu'elle devient elle-même un facteur décisif du processus de production. Cette intégration du culturel et de l'économique se double d'un second processus rendu possible par le nouveau paradigme technologique, la tendance à la compression de l'espace et du temps, qu'il est devenu coutume de qualifier de mondialisation.

Ce qu'il est devenu coutume d'appeler "mondialisation de l'économie" recouvre des évolutions relatives à différentes dimensions de l'activité économique qui trouvent leur origine dans les changements technologiques liés à la révolution informationnelle. Les coûts de transport et de communication ont décru de façon importante du fait du développement des technologies de l'information. Cette révolution informationnelle a rendu possible pour les entreprises la mise en œuvre de nouveaux systèmes de communication, de commandement et de contrôle à l'échelle planétaire. La recherche, la conception et la production peuvent être

situées et coordonnées dans différentes parties du monde sans avoir à être localisées en un site unique tandis que les ventes sont mondiales.

De façon concomitante à la compression de l'espace, un troisième type de mutation, engagé depuis des décennies mais connaissant une accélération du fait du nouveau paradigme technologique, caractérise la période contemporaine : le développement d'un processus d'individualisation.

L'idée d'individualisation réfère au phénomène d'affaiblissement des formes collectives de pratiques sociales et à leur remplacement par des formes plus individualisées. Elle caractérise un changement dans le mode de relation entre l'individu et la collectivité. Le thème de l'individualisation n'est pas nouveau et d'une certaine façon il est consubstantiel au développement de la pensée sociologique au siècle dernier contemporain du passage de la société traditionnelle à la modernité dans une période marquée par les révolutions démocratique et industrielle. Ce qui est nouveau c'est l'accroissement de la capacité critique, de la réflexivité de l'individu due principalement à la diffusion du savoir et au développement des technologies de l'information et de la communication.

Evolution du paradigme technologique, mondialisation et individualisation accrue des relations sociales contribuent à transformer les contours des économies capitalistes de marché et affectent le rôle de l'Etat ainsi que des formes traditionnelles d'action collective.

Le mode d'organisation de la production des services d'intérêt général a évolué durant les deux dernières décennies vers un mode d'organisation où le marché et la concurrence jouent un rôle accru sous la pression de deux tendances. D'une part, les mutations technologiques, notamment dans le champ des technologies de l'information, ont rendu possible pour l'Etat la mise en œuvre de solutions décentralisées fondées sur les principes de la régulation incitative pour la production de biens ayant une composante collective. D'autre part, le processus d'individualisation s'est accompagné d'une exigence accrue de personnalisation des services publics, l'utilisateur étant de plus en plus perçu comme consommateur.

Le rôle de l'Etat a évolué d'une fonction de producteur vers une fonction de régulateur qui, grâce à un système de contrats incitatifs avec une ou plusieurs firmes, est censé pallier aux échecs du marché tout en assurant l'efficacité de l'offre. Cette évolution a concerné en priorité les industries utilisant des réseaux d'infrastructure (télécommunication, transport, électricité), mais a également contribué à modifier les modes d'intervention publique en général et les relations entre Etat et organisations non lucratives en particulier.

Les limites entre les sphères du marché, de l'Etat et de l'économie sociale, ainsi que le contenu et le cadre institutionnel de la production des services d'intérêt général ne sont pas des données immuables, mais doivent être considérés comme des construits sociaux, susceptibles d'évoluer dans le temps et de différer dans l'espace (suivant les cultures nationales par exemple).

Dans ce contexte, il importe de jeter les bases d'une réflexion, s'appuyant sur l'analyse empirique et comparative des organisations d'intérêt général, afin de parvenir à une meilleure compréhension commune de la problématique *des relations entre organisations lucratives et non lucratives, privées et publiques dans la fourniture des services sociaux et d'intérêt général* ainsi qu'à la conceptualisation des interrelations et des intersections entre les secteurs au sein de l'économie plurielle d'intérêt général.

C'est ce à quoi s'est attaché le groupe transversal du CIRIEC « Economie plurielle et régulation socio-économique » dont les articles qui suivent présentent les premiers résultats de la réflexion engagée.

Une perspective économique sur l'intérêt général

« Enracinés dans l'Histoire et la Culture, les modes d'expression de l'intérêt général sont pluriels (...) certains l'entendent davantage comme l'intérêt public (le « bien commun ») défini et poursuivi par les autorités publiques nationales, régionales, locales voire supra nationales, alors que d'autres le conçoivent plus comme l'intérêt commun des membres coopérateurs, mutualistes ou associés » écrivent L. Monnier et B. Thiry (1997 : 12).

Ces deux conceptions de l'intérêt général ni ne s'opposent ni ne s'excluent. Une des ambitions des auteurs dont les contributions sont regroupées ici est de parvenir à une meilleure compréhension des dynamiques caractérisant la production de l'intérêt général que celui-ci soit le résultat de l'action des organisations d'économie publique ou d'économie sociale. Un des enjeux consiste alors à conceptualiser l'intérêt général à l'aide d'un cadre théorique permettant de prendre en compte les différentes formes institutionnelles qu'elles soient publiques, coopératives, mutuelles ou associatives. Sans prétendre clore le débat il est possible de concevoir l'intérêt général d'un point de vue économique à partir de deux caractéristiques principales : (i) l'intérêt général est un construit social, ce qui implique qu'il n'existe pas une conception donnée de ce qu'est l'intérêt général, mais que les conceptions varient dans le temps, l'espace et au travers des cultures ; (ii) l'intérêt général résulte de l'effet externe d'une activité économique, externalité qui affecte la totalité des membres d'une communauté quelle que soit l'échelle de cette communauté (locale, régionale, nationale, supra nationale).

En effet, la Commission Européenne définit les services d'intérêt général comme « les services marchands et non marchands que les autorités publiques classent comme étant d'intérêt général et sujets à des obligations spécifiques de service public »¹. Cette définition a le mérite de mettre en évidence le fait que la notion d'intérêt général est un construit social. Il n'existe pas une définition absolue de l'intérêt général, mais l'intérêt général reflète un relatif consensus parmi les

¹ Communication de la Commission européenne, "Services d'intérêt général en Europe" Doc/00/25, Bruxelles, septembre 2000.

membres d'une société et de ce fait est susceptible d'évolution dans le temps et l'espace.

La question consiste alors à déterminer les caractéristiques communes des services d'intérêt général étant donné que le contenu de ces services est susceptible de varier d'un pays à l'autre ou dans le temps. Une façon de conceptualiser les services d'intérêt général consiste à les considérer comme un produit joint. Les entreprises d'intérêt général produisent d'une part un bien ou service privé (rival et exclusif) et un service d'intérêt général qui est non rival et quasi exclusif ou exclusif. Ces biens et services présentent donc deux effets : un effet interne et un effet externe. L'effet interne est le bien ou service privé produit par les activités qui à un moment donné relèvent de l'intérêt général. L'effet externe résulte du fait que le bien ou le service considéré n'affecte pas uniquement les utilisateurs de ce bien ou service mais d'autres producteurs ou consommateurs. Dans le cas des services d'intérêt général, l'effet externe s'étend à l'ensemble des membres d'une communauté donnée (locale, régionale, nationale ou supra nationale). L'effet externe des services d'intérêt général provient du fait que les biens et services d'intérêt général présentent une caractéristique particulière : la non rivalité. En d'autres termes, une fois produit ces biens et services bénéficient et sont disponibles pour l'ensemble de la communauté considérée. Contrairement aux biens publics purs qui en plus d'être non rivaux sont non exclusifs, les services d'intérêt général sont exclusifs ou quasi exclusifs. En d'autres termes, bien qu'étant disponibles pour tous, il est possible (mais souvent coûteux) d'exclure certains de leurs bénéficiaires. Un réseau électrique ou de télécommunication une fois installé est disponible pour tous, même s'il est possible d'exclure les non abonnés de l'accès au réseau. Les services d'éducation présentent une dimension privée, la valeur de l'éducation acquise par un individu, mais aussi un caractère d'intérêt général non exclusif, le niveau d'éducation des membres d'une communauté nationale bénéficie à tous. La non rivalité qui caractérise ces services se traduit par un effet de déversement ("spillover effect") pour l'ensemble de la communauté. L'éducation, la santé, les réseaux de transports, d'énergie, de télécommunication, les services contribuant au maintien de la cohésion sociale et territoriale ne bénéficient pas uniquement à leurs usagers mais se « déversent » et ont un effet positif pour l'ensemble des membres de la communauté nationale.

Economie plurielle et intérêt général

Le fait que les services d'intérêt général présentent un caractère non rival a pour effet que le marché est en échec pour valoriser la dimension d'intérêt général des activités économiques considérées. La présence d'un mécanisme institutionnel différent du marché est par conséquent requise pour que cette dimension soit valorisée. Il est possible de distinguer trois modalités institutionnelles permettant la valorisation de la dimension d'intérêt général : la production publique, la régulation publique et la production volontaire.

Dans le cas de la production publique, le fait que l'Etat soit propriétaire des entreprises publiques ou les contrôle ou soit lui-même producteur conduit à ce que ces entreprises n'ont pas seulement pour objectif la rentabilité maximale, mais sont

animées par d'autres objectifs comme l'égalité d'accès aux services, la cohésion sociale et territoriale. La régulation publique par le jeu de contraintes réglementaires et d'incitations financières et fiscales conduit à introduire des contraintes ou à inciter les producteurs afin que la dimension de l'intérêt général soit incluse dans leur fonction. La production volontaire relève de l'initiative solidaire de citoyens qui s'associent afin de produire des biens et services qui présentent une dimension non exclusive. La distribution des droits de propriété ainsi que les structures de contrôle qui caractérisent les organisations de l'économie sociale conduisent celles-ci à être un instrument privilégié pour la production volontaire de services d'intérêt général.

L'idée d'économie plurielle de l'intérêt général réfère au fait qu'il existe différentes architectures de prise en charge de l'intérêt général, articulant différents types d'organisations (publiques et privées, lucratives et non lucratives) selon des modalités variant en fonction des contextes nationaux et sectoriels.

Cette perspective conduit à un agenda de recherche autour de trois niveaux de questionnement :

- le niveau organisationnel : en quoi les organisations privées lucratives, non lucratives et publiques se distinguent-elles lorsqu'il s'agit de la production de services d'intérêt général ? Quelles sont les différences et spécificités de ces types organisationnels en matière de fonction objectif, d'efficacité, de modes de satisfaction de l'intérêt général ?
- le niveau sectoriel : quelles sont les différences caractérisant l'architecture (relation entre production publique, régulation et production volontaire) de prise en compte de l'intérêt général entre secteurs d'activité ? Quelles sont les synergies et coopérations entre organisations privées et publiques, lucratives et non lucratives au sein d'un secteur d'activité pour la production des services d'intérêt général ? Quelle est l'efficacité des différents types d'architecture en matière de satisfaction de l'intérêt général ?
- le niveau national : quelles sont les variations qui caractérisent les modes de prises en charge de l'intérêt général et la division du travail sectorielle entre les pays ? Comment expliquer les trajectoires nationales ?

Les articles

Le présent recueil d'articles ne traite pas de l'ensemble de ces questions. Il doit être considéré comme le résultat d'un travail exploratoire mené par le groupe transversal « Economie plurielle et régulation socio-économique » du CIRIEC international visant à poser les premiers jalons d'un travail de renouvellement de notre compréhension de la problématique des services d'intérêt général.

Les articles qui suivent éclairent selon des perspectives différentes trois aspects de la problématique des services d'intérêt général. Le premier aspect concerne les contours nationaux et sectoriels de l'économie plurielle d'intérêt général. Le second traite d'une question centrale relative à l'organisation de la production de

services d'intérêt général, à savoir celle de la performance relative des différentes formes institutionnelles. Le troisième concerne l'impact de la régulation publique sur l'architecture des systèmes de production de l'intérêt général.

L'article "Au-delà de l'économie : changement social et intérêt général" affirme la nécessité d'une approche socio-économique des questions relatives à l'intérêt général. L'article tente également de conceptualiser à partir d'une approche socio-économique la notion d'intérêt général. Avec pour point de départ que l'intérêt général est un construit social, Bernard Enjolras propose une lecture sociologique de la théorie économique dominante relative aux services d'intérêt général. L'entrée dans la modernité tardive s'est accompagnée de changements structurels, mutation du paradigme technologique, individualisation et mondialisation, qui influencent à la fois le contenu et modes d'organisation des services d'intérêt général. Le discours économique qui plaide pour une réduction du rôle de l'Etat, s'il a influencé les conceptions relatives à l'intérêt général est également influencé par les mutations structurelles que connaissent nos sociétés. De plus, le fait que l'intérêt général n'est pas valorisé en termes monétaires par le marché limite la pertinence des analyses exclusivement fondées sur le critère d'efficacité.

L'article de Luc Bernier, Marie Bouchard et Benoît Lévesque conceptualise à partir de deux expériences québécoises, les Fonds de Solidarité et Hydro-Québec, les nouvelles articulations entre individuel, collectif et général autour du concept de nouvelle gouvernance. Les changements sociaux ont transformé la conception de l'Etat et son rôle de gouvernant. Les exemples présentés montrent comment le modèle de gouvernance partenarial est susceptible de contribuer à l'émergence d'une nouvelle économie mixte qui conjugue de manière originale l'intérêt général et les intérêts particuliers et collectifs, les acteurs publics et privés, les organisations à but lucratif et les organisations d'économie sociale.

Giuseppe Bognetti quant à lui propose une revue de la théorie économique relative au secteur sans but lucratif. Deux approches dominent : la première analyse le secteur non lucratif comme supplétif et substitut du marché et de l'Etat alors que la seconde met l'accent sur les complémentarités entre action publique et action volontaire. Pour le premier type de théorie, l'existence des organisations non lucratives est analysée comme le résultat des échecs du marché et des échecs de l'intervention publique. Le second type d'approche met l'accent sur les limites de l'intervention volontaire et de l'intervention publique et considère que le partenariat permet de dépasser ces limites.

Marie Louise von Bergmann-Winberg et Ann-Mari Sätre Åhlander analysent les changements qui ont caractérisé la production de services sociaux en Suède. La transformation de l'Etat-providence suédois s'est traduite par un rôle accru des organisations d'économie sociale (coopératives, entreprises sociales) dans la fourniture de services sociaux mais aussi par le développement de partenariats locaux entre organisations publiques et d'économie sociale donnant lieu à l'émergence d'une économie plurielle de l'intérêt général.

Gurli Jakobsen discute les facteurs qui expliquent l'architecture institutionnelle et la répartition entre organisations d'économie sociale et organisations publiques au Danemark. Deux hypothèses sont discutées, la première affirmant que les organisations d'économie sociale sont « utilisées » par le secteur public tandis que la seconde considère que la division du travail entre types institutionnels résulte d'un processus de coopération et reflète la complémentarité entre formes institutionnelles. Les éléments empiriques plaident pour la seconde hypothèse : l'architecture institutionnelle résulte de la complémentarité des formes institutionnelles.

Peter Eichhorn propose une analyse théorique des changements susceptibles d'affecter les organisations non lucratives qui fournissent des services sanitaires et sociaux en Allemagne par l'introduction de la concurrence dans ce secteur. L'article propose une typologie des buts de ces organisations qui différencie buts méta-économiques et buts économiques. L'exposition à la concurrence a pour effet de subordonner les buts méta-économiques aux buts économiques.

Helmut Cox et Olaf H. Bode, s'intéressent aux récents développements caractérisant les assurances mutuelles en Allemagne. Dans un environnement où la concurrence s'intensifie, les mutuelles d'assurance relèvent le défi sans pour autant recourir à la solution extrême de la démutualisation. Analysant les traits caractéristiques et les particularités des assurances mutuelles comparées aux assurances commerciales, les auteurs montrent comment, par le jeu d'innovations institutionnelles qui mixent la forme mutuelle et la forme commerciale, les assurances mutuelles sont à même de se renouveler sans pour autant renier leurs principes fondateurs.

Luca Crivelli et Massimo Filippini présentent une analyse empirique de la performance comparée de différentes formes institutionnelles (privée lucrative, publique et non lucrative) dans le secteur des maisons de retraite pour personnes âgées en Suisse. Les résultats de l'analyse montrent que la forme institutionnelle a une influence sur l'efficacité en termes de coûts des maisons de retraite. En particulier les organisations non lucratives ont des coûts moins élevés que les organisations publiques.

A partir d'une perspective similaire, Frank Bailly interroge la spécificité des associations de formation en France dans un secteur où les acteurs lucratifs et publics sont fortement présents. L'article teste la présence d'un processus d'isomorphisme institutionnel dans ce champ d'activité. Les associations ne se différencient pas des autres formes institutionnelles lorsqu'il s'agit de leurs caractéristiques économiques (chiffre d'affaires), mais la prise en compte d'autres critères comme le public accueilli fait apparaître une spécificité associative.

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INTRODUCTION

by

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A current division of the economy consists of distinguishing between three spheres: the commercial sphere, within which the allocation of goods and services is realized by the free play of market forces; the non-commercial sphere, where goods and services are allocated by the play of administrative mechanisms; and the domestic or informal sphere, where goods and services are allocated on the basis of personal relations and obligations. It is, however, also necessary to take into account the field of the social economy, made up of organizations that may be characterized by the fact that they “hybridize”, or mix the other three spheres (CIRIEC, 2000).

If the institutional framework of the production of general interest services has traditionally been that constituted by the public or not-for-profit organizations, this institutional framework has considerably diversified in the course of the past two decades. The increased importance of the role of private, for-profit organizations and social economy organizations in the production of general interest services has led to the structuring of a plural general interest economy, the institutional contours of which vary according to the particular sector and according to country.

This development should be set in the broader context of the socio-economic changes that affect the organization of economies in developed countries in which the driving forces are characterized by the interconnection of three phenomena or trends. First of all, the fact that knowledge and culture become, by the same process, on the one hand: a factor of production and, on the other: are transformed into merchandise. Secondly, the fact that the information and communication structures are global and lead to a phenomenon of compression of time and space. Thirdly, the fact that these economic and social mutations are accompanied by an ambivalent process of individualization or de-traditionalization.

In point of fact, the development of information technologies (microelectronics, computers, telecommunications) finds expression in a mutation of the “technological paradigm” (Castells, 1996), leading to a change of the dynamism of industrialized economies and the manner of accumulation and development of capitalism. The new technological paradigm therefore affects the socio-cultural dimension in that it becomes, itself, a decisive factor in the process of production. This integration of the cultural and the economic is coupled with a second process made possible by the new technological paradigm, the tendency towards compression of time and space, by which it is now the custom to qualify the world system.

The World System, that to which we casually refer as the “globalization of the economy”, covers developments relative to different dimensions of economic activity, dimensions that can trace their origin back to the technological changes issuing from the information-technology revolution. The development of information technology has slashed transport and communication costs. The IT revolution has even made it possible for companies to set up new systems for communication, command and control on a planetary scale. Given that sales are

now world-wide, research, design and production may now be situated, and co-ordinated, in different parts of the world without necessarily having to be localized in any particular site.

Alongside the foreshortening of space, a third type of mutation - long decades, perhaps, in the coming, but coming nevertheless into its stride because of this new technological paradigm - characterizes the modern day and age: the development of a process of individualization.

The idea of individualization refers to the phenomenon of attenuation, dilution, of collective forms and social practices, and their concomitant substitution by more individualized entities. It characterizes a change in the manner of interaction between the individual and society at large. The subject of individualization is nothing new; it is consubstantial with the development of the sociological 'take' on the recently-quit century as regards the transition from traditional society towards the modern age, in a period marked by democratic and industrial revolution. What is actually new is the growth of critical capacity, the reflexivity of the individual, due mostly to the generalization of knowledge and to the development of information and communication technologies.

Evolution of the technological paradigm, globalization and the exponential individualization of social relations militate towards a reshaping of the contours of the capitalist economies and affect the role of the State and other traditional forms of collective action.

The mode of organization of the production of general interest services has evolved during the past two decades towards a mode of organization where the market and competition play a more prominent part under the pressure of the two trends. One, the technological changes, especially in the field of information technologies, have made it possible for the State to introduce new decentralized solutions based on the principles of incitative regulation for the production of goods having a collective component. Two, the process of individualization is accompanied by an increased demand for the personalization of public services, the user coming to be increasingly perceived as consumer.

The role of the State has evolved from a function of producer towards a function of regulator who, thanks to a system of incitative contracts with one firm or with several firms, is held to palliate the setbacks of the market at the same time as ensuring the efficiency of the offer. This evolution has principally concerned the industries using the infrastructure networks (telecommunication, transport, electricity), but has also contributed towards changing the modes of public intervention in general and the relations between the State and non-profit-making organizations in particular.

The limits between the spheres of the market, the State and the social economy, and the content and institutional framework of the production of general interest services are not immutable givens, but should be considered as social constructs, likely to evolve in time and to differ in space (according to national cultures, for example).

In this context, it is important to lay the foundations of reflection, founded on empirical and comparative analysis of general interest organizations, in order to come to a better general understanding of the problem of *relations between private and public profit-making and non-profit-making organizations in the supply of social and general interest services* and the conceptualization of the interrelations and intersections between the sectors within the plural general interest economy.

This is the field of research of the CIRIEC transversal working group "Plural Economy and Socio-Economic Regulation"; the group's articles that follow present the first results of the reflection undertaken.

An economic perspective on the general interest

"The general interest's means of expression, which are rooted in history and culture, are characterized by their plurality (...) some understand it more as a public interest (the "common good"), as defined and pursued by the public authorities, whether national, regional, local or supranational, while others regard it more as a common interest of co-operative, mutual or association members", thus write L. Monnier and B. Thiry (1997: 313).

These two conceptions of the general interest neither oppose nor exclude each other. One of the ambitions of the authors whose contributions are included here is to arrive at a clearer understanding of the dynamics characterizing the production of the general interest as being the result of the action of public-economy or social-economy organizations. One of the lines of inquiry is therefore to conceptualize the general interest by means of a theoretical framework allowing account to be taken of the different institutional forms whether they be public, co-operative, mutual or associative. Without claiming to end the debate, it is possible to think of the general interest from an economic viewpoint on the basis of two main characteristics: (i) the general interest is a social construct, which implies that there is no one given conception of the general interest, but rather that the conceptions vary in time and in space and between cultures; (ii) the general interest results from the external effect of an economic activity, an externality that affects the totality of the members of a community whatever the scale of the community happens to be (local, regional, national, supranational).

In fact, the European Commission defines the general interest services as "market and non-market services which the public authorities class as being of general interest and subject to specific public service obligations"¹. This definition has the merit of bringing out the fact that the notion of the general interest is a social construct. There is no absolute definition of the general interest, but the general interest reflects a relative consensus among the members of a society, and is *ipso facto* subject to evolution in time and in space.

¹ "Communication from the Commission Services of general interest in Europe" Doc/00/25, Brussels, Commission of the European Community, September 2000.

The question therefore consists of determining the common characteristics of the general interest services, given that the content of these services tends to vary from one country to the next or in time. One way of conceptualizing the general interest services is to consider them as a joint product. The general interest enterprises produce on one hand a private (rival and exclusive) good or service and a general interest service that is non-rival and quasi-exclusive or exclusive. These goods and services thus present two effects: an internal effect and an external effect. The internal effect is the private goods or service provided by the activities falling to be classified within the general interest at a given moment. The external effect results from the fact that the goods or services in question affect not only the users of those goods or that service, but also other producers or consumers. In the case of general interest services, the external effect spans the totality of the members of a given community (local, regional, national or supranational). The external effect of general interest services springs from the fact that general interest goods and services have a particular characteristic: non-rivalry. In other words, once produced, these goods and services benefit and are available to the whole of the community in question. Unlike purely public goods, which besides being non-rival are also non-exclusive, the general interest services are exclusive or quasi-exclusive. In other words, although being available to all, it is possible (but often expensive) to exclude certain classes of person from their benefits. An electric or telecommunications network, once installed, is available to all, even if it is possible to deny non-subscribers access to the network. The education services present not only a private dimension, the value of the education acquired by an individual, but also a non-exclusive general interest character, the level of education of the members of a national community is of benefit to all. The non-rivalry that characterizes these services finds expression in a "spillover effect" for the whole of the community. Education, health, the transport networks, energy, telecommunication, the services contributing to the upkeep of social and territorial cohesion not only benefit their users, but "spill over" and have a positive effect for all the members of the national economy.

Plural economy and general interest

The fact that the general interest services have a non-rival character has the effect that the market fails when it comes to enhancing the general interest dimension of the economic activities in question. The presence of an institutional mechanism differing from the market is consequently required before this dimension can be valorized. It is possible to map out three institutional constellations enabling such enhancing of the general interest dimension: public production, public regulation and voluntary production.

In the case of public production, the fact that the State is owner of the public enterprises, or controls them, or is itself producer means that these enterprises not only pursue the objective of maximum yield or profitability, but are driven also by the pursuit of other objectives, such as equality of access to these services, social and territorial cohesion. Public regulation, by the play of regulatory constraints and financial and tax incentives, has led to introduction of constraints or pointed

producers in the direction of including the general interest dimension in their function. Voluntary production arises from the solidarity-based initiative of citizens who join forces in order to produce goods and services presenting a non-exclusive dimension. The distribution of property rights and control structures that characterize the organizations of the social economy dispose the latter to be a preferred instrument for the voluntary production of general interest services.

The idea of the plural general interest economy in fact refers to the fact that there are different architectures for catering for the general interest, organized around different types of organizations (both public and private, both profit-making and non-profit-making) under the operating conditions that vary according to national and sectoral context.

This perspective has thrown up a research agenda on three levels of inquiry:

- The organizational level: how do the private for-profit, the non-profit-making and the public organizations set themselves apart from each other when it comes to the production of general interest services? What are the differences and specific characteristics of these organizational types as regards function, objective, efficiency, ways and means of meeting the general interest?
- The sectoral level: what are the differences characterizing the architecture (the relation between public production, regulation and voluntary production) of supplying the general interest between the various sectors of activity? What are the synergies and co-operations between private and public organizations, for-profit and non-profit-making organizations, within a given sector of activity for the production of general interest services? What is the efficiency of the different types of architecture with regard to the satisfaction of the general interest?
- The national level: what are the variations that characterize the modes of supplying the general interest and the sectoral division of labour between different countries? How to explain these national flight paths?

The articles

The present compendium of articles does not run the entire gamut of these issues. It is best considered as the result of an exploratory operation conducted by the CIRIEC international Transversal Research Working Group "Plural Economy and Socio-Economic Regulation", designed to pave the way for a project expanding our understanding of the problem of general interest services.

The articles that follow clarify, from different perspectives, three aspects of the problem area of general interest services. The first aspect concerns the national and sectoral contours of the plural general interest economy. The second turns around a central question relating to the organization of the production of general interest services, namely that of the relative performance of the different institutional forms. The third concerns the impact of public regulation on the architecture of general interest production systems.

The article "Beyond economics: social change and general interest" affirms the necessity of a socio-economic approach to issues concerning the general interest. The article also attempts to conceptualize - from a socio-economic angle - the concept of the general interest. Taking the initial premise that the general interest is a social construct, Bernard Enjolras proposes a sociological reading of the dominant economic theory relating to general interest services. The late arrival in the modern age is accompanied by structural changes, a mutation of the technological paradigm, individualization and globalization that influence both the content and forms of organization of general interest services. The economic discourse arguing the case in favour of a reduction of the involvement of the State, if it has influenced the conceptions relative to the general interest, has itself been influenced by the structural mutations experienced by our societies. Moreover, the fact that the general interest is not valorized by the market, in monetary terms, limits the relevance of analyses that are based exclusively on the criterion of efficiency.

The article by Luc Bernier, Marie Bouchard and Benoît Lévesque conceptualizes out of two experiments in Quebec: the Fonds de Solidarité and Hydro-Québec, the new constellations of individual, collective and general around the concept of new governance. The social changes have transformed the concept of the State and its role of governor. The examples presented show how the partnership governance model is placed to contribute to the emergence of a new mixed economy that combines, in its original way, the general interest and the interests of individuals and groups of persons, of public and private players, of commercial organizations and the non-profit-making organizations in the social economy.

Giuseppe Bognetti makes a survey of the economic theory on the nonprofit sector. Two approaches prevail: the first analyzes the nonprofit sector as additional to and substitute of the market and of the State while the second one emphasises the complementarities between public action and voluntary action. For the first type of theory, the existence of nonprofit organizations is analyzed as the result of market and State failures. The second type of approach stresses the limits of voluntary intervention and State intervention and considers that partnership enables to overcome these limits.

Marie Louise von Bergmann-Winberg and Ann-Mari Sätre Åhlander analyze the changes that have characterized the production of social services in Sweden. The transformation of the Swedish Welfare State finds expression in the more prominent role of the organizations in the social economy (co-operatives, social enterprises) in the supply of social services but also by the development of local partnerships between public and social-economy organizations forming the matrix of a plural general interest economy.

Gurli Jakobsen discusses the factors that explain the institutional architecture and the division between social-economy organizations and public organizations in Denmark. Two hypotheses are discussed, the first positing that the social-economy

organizations are "used" by the public sector, while the second considers that the division of labour between institutional types results from a process of co-operation and reflects the complementarity between institutional forms. The empirical elements argue the case in favour of the second hypothesis: the institutional architecture results from the complementarities of institutional forms.

Peter Eichhorn proposes a theoretical analysis of change likely to affect non-profit-making organizations supplying health and welfare services in Germany through the introduction of competition in this sector. The article puts forward a typology of the objectives of these organizations that differentiates between meta-economic objectives and economic objectives. Exposure to competition has the effect of subordinating the meta-economic objectives to the economic objectives.

Helmut Cox and Olaf H. Bode focus on recent developments characterizing mutual insurance in Germany. In a more and more competitive environment, mutual insurance associations take up the challenge without having to resort to the extreme solution of demutualization. The authors analyze the characteristic features and peculiarities of mutual insurance associations compared to private sector insurance companies. They indicate how, through institutional innovations mixing the mutual and market forms, the mutual insurance associations are able to renew without for all that renounce their founding principles.

Luca Crivelli and Massimo Filippini present an empirical comparative analysis of the performance of different institutional forms (private commercial, public and non-profit) in the sector of residential homes for the elderly in Switzerland. The results of the analysis show that the institutional form has an influence on efficiency in terms of the cost of running these residential homes. More particularly, the non-profit-making organizations have lower costs than the public organizations.

In a similar perspective, Frank Bailly examines the specific character of training associations in France in a sector where the for-profit and public players are very much to the fore. The article tests the presence of a process of institutional isomorphism in this field of activity. The associations do not stand out from other institutional forms as far as economic characteristics are concerned (turnover), but their consideration of other criteria, such as their target public, reveals the specific nature of the association.

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BEYOND ECONOMICS:**SOCIAL CHANGE AND GENERAL INTEREST**

by

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General interest is not an absolute notion but a social construct. As well the scope, the content and the modes of organization of the production of services of general interest vary over time and space. Our contention is that different architectures of general interest satisfaction, articulating different types of organizations (public and private, for-profit and nonprofit) according to various modalities, are possible to identify. Services of general interest are at the intersection of the market, the state and the civil society. First, services of general interest entail different forms of market failures (public goods, externalities, informational asymmetries, transaction costs) and require some forms of institutional mechanisms in order to mitigate market failures. Second, the definition of the general interest is based on criteria values and normative conceptions that are debated within the public sphere. Third, beside or in complement of the general interest identified, organized and regulated by the state, different forms of general interest satisfaction, (self) identified and (self) organized by autonomous citizens, exist.

The content and modes of organization of the services of general interest have undergone a rapid transformation during the past decades. First traditional services of general interest within the fields of energy, transport, telecommunications and in a less extent health and education are increasingly considered as private interest services. At the same time new fields such as environment, public health and industrial risks are increasingly perceived as general interest issues and new types of services are emerging. Second, the mode of organization of the production of general interest has been transformed from state monopolies to regulated competitive industries. During the same period, voluntary and social economy organizations promoting general interest have appeared and new forms of partnership between public and private organizations have been developed. This paper attempt to relate, on the analytical level, technological, economical, and social mutations to the issue of services of general interest. The thesis developed here is that the trends characterizing the development of the services of general interest have to be understood within a more general framework that of late modernity. Late modern societies are characterized by a technological paradigm mutation, globalization and individualization. These structural trends in turn influence the way the issues related to the services of general interest are perceived and shape the contours of their solution. The progressive definition of "traditional" services of general interest as well as the design of their modes of organizations occurred during the period of development of the industrial society. The contemporary mutation towards late-modernity and the emergence of a new form of organized capitalism lead to a re-definition and a re-organization of the services of general interest leading to a reconsideration of the role of the state. New technologies, allow for more decentralized forms of organizations of services of general interest; individualization (and its ideology) and globalization make market and voluntary solutions more attractive than state solutions.

The paper is organized as follow. The first section proposes a definition of the notion of service of general interest emphasizing its social construct characteristic. Section two gives a short analysis of the main trends characterizing the present

social and economical mutation. Section three relates these trends to the question of general interest and makes a sociological reading of the economic discourse on this topic.

1. Services of general interest as social construct

The EU¹ defines the services of general interest as “market and non-market services which the public authorities class as being of general interest and subject to specific public services obligations”. Whereas this definition is far from precise in order to constitute a basis for theoretical analysis, it stresses an important point: general interest may be a “social construction”. There is no absolute definition of general interest but definitions that reflect some form of consensus among members of a society and that can evolve over time.

A second characteristic of the services of general interest is that they involve externalities. In effect, general interest may be thought as a positive externality derived from an economic action. General interest goods are non rival goods (when available general interest goods are available for the entire community) but partly excludable (it is possible to exclude individuals from their benefit). The externality refers to a commodity (good or service) which is produced during the production and/or consumption of other goods or services and which affects other producers or consumers. However, the externality characterizing the services of general interest is of a special nature. The external effect affects not only the producers or consumers of the good but the entire community whether local, national or supra national. For example, electricity networks or health services are considered of general interest to the extent to which their availability or non availability affects the foundational principles of a given national community (equality among citizens). This externality given the non rivalry of the goods of general interest displays a spillover effect for all the members of the community. Better education or health as well as the availability of energy or informational networks has a positive effect on the productive capacity of the entire community.

Thus the third characteristic of the services of general interest is that the presence of an externality affecting the entire community implies that the externality associated with the service is considered as affecting the solidarity between the members of the community considered. Solidarity involves some form for interdependency and for redistribution. Whether an externality is perceived affecting positively or negatively the community as a whole i.e. is having an impact on the objective and subjective conditions of solidarity within a community, varies over time and across cultures and to this extent is a social construct.

A fourth characteristic is that it is possible to distinguish two types of institutional setting leading to the provision of services of general interest. The externality

¹ Communication from the Commission “Services of general interest in Europe” Doc/00/25, Brussels, Commission of the European Community, Sept. 2000.

component of the service of general interest requires in general some form for institutional mechanism other than the market for the externality to be internalized.² In this case collective action or association (action carried on by more than one individual) is necessary in order to provide an alternative to the market mechanism. It is possible to distinguish two types of associations: voluntary and compulsory- universal (i.e. State) associations. Whereas congruence between contributors and beneficiaries characterizes externalities within compulsory associations, non-congruence constitutes a condition for a voluntary association to reach general interest.

In effect, when it comes to voluntary associations, the set of beneficiaries of the externality may be congruent with the set of actors of the collective action i.e. the dominant category (mutual benefit organization) or different (public benefit organization).

It is then necessary to distinguish between contributors and beneficiaries, i.e. between public interest and mutual interest organizations as ideal-type. In reality some organizations may be both of mutual and general interest (for example mutual organizations in the health sector). That implies: to use two criteria for defining general interest voluntary organizations: 1) the public general interest externality dimension (i.e. the output of collective action is such that either exclusion is not practiced or the utility function of the members of the group is positively affected); 2) the group of contributors is not congruent with the group of beneficiaries. It is worth to note that an economic activity may display a congruent and a non congruent externality. In this case the service has to be qualified of general interest. For example, a voluntary association whose members are unemployed and that has for purpose to reintegrate unemployed persons on the labor market or a health mutual organization display both a congruent and a non congruent externality. The activity of the association or of the mutual is of mutual interest for the members but of general interest for the larger community to the extend to reducing unemployment or improving health reduce social and financial costs for this community.

	Congruent externality	Non congruent externality
Voluntary association	Mutual interest	General interest
Compulsory and universal association	General interest	Group interest

General interest is reached through an institutional structure characterizing the production and consumption of a particular commodity. The choice of the institutional structure (market versus other institutional mechanisms) is influenced

² In the presence of transaction costs or when property rights are not well defined, a Coase solution to the externality problem is not available.

not only by technological considerations but by the nature of individual and collective preferences and the distribution of those preferences. It is therefore possible to identify different institutional structures contributing to general interest.

When general interest is at stake, generally a mix of strategies is implemented constituting an institutional structure for the production allocation of services of general interest.

Three main strategies may be identified: public production, regulation (including taxation and subsidy) and voluntary provision. An institutional structure is then constituted of one of these strategies or a mix of them.

Thinking services of general interest as social construction entails that social changes i.e. the transformations affecting the social, economical and cultural structures of society, will influence the content and understanding of what general interest is (i.e. the type of externalities that are relevant) and the way efficiency and equity questions are discussed in relation to general interest.

2. Social change in late modernity

Following Giddens (1981) we will characterize contemporary changes as an episodic transition from modernity to late modernity involving inter-connected social, economical and cultural transformations. Three phenomena have to be taken into account. First, within the economical realm culture becomes increasingly both a productive factor and a commodity. Second, information and communication structures tend to be global leading to a process of space-time compression. Third, economical and technological transformation contributes to speed up the secular process of individualization or de-traditionalization characterizing modernity.

2.1. The new technological paradigm

The development of information technologies (microelectronic, computers, telecommunication) entails a mutation of the "technological paradigm"³ (Castells, 1996) leading to a change within the dynamic of industrialized economies. The first characteristic of this technological paradigm shift is not primarily the centrality of knowledge and information for the process of production but the "application of such knowledge and information to knowledge generation and information processing / communication devices, in a cumulative feedback loop between innovation and the use of innovation" (Castells, 1996, p32). It follows, and it is the second characteristic, that symbols manipulation (culture) and goods and services production become increasingly closely related. Thus the new technological paradigm directly affects the cultural sphere of society since culture

³ By presenting the technological paradigm shift in the first place, we do not mean that the causality of contemporary changes has to be found in technological changes. We see change as the complex interaction of cultural, social and economical factors. Our position is that there are no single factor nor final cause to be considered, but a multiplicity of inter-related causes and factors.

becomes a determinant part of the production process. What is new, is not, as stated by Bell (1980) that labor and capital, productive factors characterizing the industrial society are superseded by knowledge and information within the information society, but that the new technological paradigm, by setting the cultural and symbolic component at the heart of the economy, transforms the production and consumption processes. On the one hand the two productive factors labor and capital become increasingly less differentiated. The capital (machines) incorporates information and symbols as structuring principle of their operating devices whereas the labor integrates information and communication technologies as a continuation of the human spirit. On the other hand, the information society mass-consumption products (television, personal computer, hi-fi, video, telephone) allow the auto-production and the consumption of signs and symbols (Lash and Urry, 1994). The new technological paradigm leads therefore to the integration of economy and culture both from the viewpoints of production and consumption.

This de-differentiation between economy and culture is speeded up by the compression of space and time characterizing the process of globalization.

2.2. Globalization

Globalization refers to the increasing global interconnectness and involves economical, technological, cultural environmental and political processes. The main visible face of globalization is economic globalization i.e. the globalization of production and financial transactions linked to advances in data processing and information technologies, enabling the development of a transnational system of multinational corporations. There are two partially overlapping theoretical debates related to the analysis of globalization. The first debate (Held et alii, 1999) concerns the scope of development of the globalization process. Held et alii distinguishes three competing thesis:

- The hyperglobalist thesis: globalization defines a new epoch of human history in which traditional nation states have become impossible business. Such a view privileges an economic logic (neoliberal or neoMarxist). Economic globalization is bringing about a "denationalization" of economies through the establishment of transnational networks of production, trade and finance. Economic globalization is seen as constructing a new form of social organization. The rise of a global economy, of institutions of global governance and the global hybridization of cultures are interpreted as the emergence of a new world order.
- The sceptical thesis (Hirts and Thompson, 1996): drawing on statistical evidence of world flows and trade, sceptics argue that globalization is a myth: levels of economic interdependence were higher during the nineteenth century and interactions occur primarily between national economies. In doing so they rely on an economic and rather quantitative conception of globalization ignoring qualitative changes and their impact in cultural terms.
- The transformationalist thesis (Giddens, 1990; Castells, 1996): globalization is a central driving force behind the rapid social, political and economic changes.

The direction of these changes remains uncertain since globalization is conceived as a contingent historical process.

The second debate relates to the role of culture within the process of globalization. As noted by Amin (1997) an exclusive focus on the economical dimension of globalization ignores the qualitative transformations entailed by globalization. From this viewpoint two phenomena have to be considered. From the one hand Western culture tends to be relativized with globalization. Humanist and universalist Western values tend to conflict with particular cultures. Globalization contributes to fragment and pluralize cultures since national spaces do not longer appear as unique identity referents. Whatever their geographical localization communication technologies allow individuals to identify with "imagined communities" by-passing national boundaries. The nation-state is not longer able to produce an unified national culture to the extent that it cannot control information and images circulation through satellite TV and internet. Taking into account the cultural dimension of globalization leads to identify conflicting trends within the cultural globalization process. On the one hand, the global entails the threat of homogenization of culture, on the other hand, as stressed by Robertson (1995) instead of homogenization globalization may lead to diversification and fragmentation of cultures since globalization takes place in some locality and that the global outlook is tailored to local conditions leading to a process of "globalization". Paradoxically, according to this perspective globalization contributes to make the local more important at the expense of the nation-state.

Concomitantly with the process of time-space compression, a third type of change, engaged with the birth of modernity but knowing a speeding up with the technological paradigm shift and globalization, characterizes the late modernity: the process of individualization.

2.3. Individualization

Individualization may be understood as a process characterizing institutions and social behaviors. It refers to the multiplication and differentiation of social roles and the emancipation of the individual from his social roles. The hold of tradition is seen as weakened in favor of individual choice and creating one's own project. The individual is also seen as increasingly aware of the possibility of creating various identities. The thematic of individualization is not new. It is possible to consider that sociology is born with the nostalgia of community. The question of individualization is consubstantial with sociology thinking. Interest in community (for example Comte) arose with the breakdown or disorganization of traditional forms of association. But at the same time, the rise of sociology was a direct response to new forms of associative life. The concept of individualization has been used in order to explain the transition from tradition towards modernity within a context characterized by two types of revolutions: the industrial revolution and the democratic revolution. Individualization in the sociological tradition is seen as the main explanatory element of the transition from medievalism to

modernism. In Tönnies' work, three elements constitutes this transition: 1) the transition of Western polity from the corporate and communal to the individualistic and rational 2) of Western social organization from one ascribed status to contract 3) of Western ideas from the sacred-communal to the secular-associational.

The development from "Gemeinschaft" to "Gesellschaft" reflects a growing individualization of human relationships, with impersonality, competition and egoism becoming gradually more dominant.

What is new is the development of the reflexive capacity of individuals mainly due to the pervasion of knowledge and to the technological paradigm shift allowing for an intensification of knowledge circulation. Indeed, the technological paradigm shift presents paradoxical effects both from the production and the consumption perspectives. At the production level, the new technological paradigm supposes autonomous workers able to master and manipulate knowledge and symbols what makes them at the same time more reflexive about themselves and their social and cultural environment. At the consumption level, beside silent majorities and TV addicts the increasingly pervasion of knowledge and information makes self-reflexivity possible for a growing proportion of the population. Reflexive individualization affects all forms of social structures.

Individualization "does not mean atomization, isolation, loneliness, the end of all kind of society, or unconnectedness", but means "first the disembedding and second the re-embedding of industrial society ways of life by new ones, in which the individual must produce their biography themselves". Individualization is not based on "the free decision of the individual" but is a "compulsion" for the self-definition of one's own biography, commitments, networks, preferences, life changes. Individualization means that the "standard biography becomes a chosen biography, a do it yourself biography or a reflexive biography". But for Beck, this change does not come from a new freedom but from a new compulsion, the weakening of industrial social forms of integration obliges the individual to confront himself with "diverging options" and to produce a unified meaning from his diverging decisions.

Similarly for Giddens, the reflexivity of modernity encompasses the constitution of the *self* as a reflexive project. The constitution of the *self* as reflexive project leads the individual to be confronted with the "complex diversity of choices" and because modernity is "non-foundational [it] offers little help as to which options should be selected". From this ontological plurality of choice characterizing modernity five consequences follow for the individual: the nature of self-identity is becoming mobile, the individual's activities tend to be segmental (pluralization of the life world), authorities are submitted to methodological doubt, experience becomes increasingly mediated and finally the condition of intimacy is transformed.

Parallel to this understanding of reflexivity, than can be characterized as cognitive reflexivity (since it finds its origin in the philosophy of science as the application of theory's assumption to the theory itself and reflects the Cartesian basis of the Enlightenment) Lash and Yrry (1994) identify another type of reflexivity, the aesthetic reflexivity rooted in the aesthetic modernism of Beaudelaire and Rimbaud. Whereas cognitive reflexivity points to the self-monitoring of social roles, aesthetic refers to the self-interpretation of social practices creating meaning by the interplay of the consumption signifying objects and the identification with "imagined communities" (such as sub-cultures, new social movements).

3. Social change, economic discourse and general interest

The social changes characterizing what we could call the post-modern capitalist society and its ideology may be seen as influencing both the common understanding of what general interest is and of how to organize the production of general interest. In this section we will make a reading of economic theory and arguments not from an economical perspective (i.e. trying to assess the internal validity of the arguments) but from a sociological perspective, considering the economic discourse relative to services of general interest as a "symptom" of structural mutations characterizing the transition towards late modernity. The economic discourse will be analyzed along two inter-related dimensions: the organization of the production of general interest and the efficiency issue.

3.1. The scope and modes of organization of general interest

For Beck (1994) the period we have entered in is a period of *radicalization* of modernity, of reflexive modernization. This period is not characterized by the transition conceptualized by Simmel, Durkheim and Weber by individuals being "released from feudal and religious transcendental certainties into the world of industrial society" but by the transition "from industrial society into the turbulence of the global risk society". In this perspective, if modernization means "first the disembedding and second the re-embedding of traditional social forms by industrial social forms" then reflexive modernization means "first the disembedding and second the re-embedding of industrial forms by an other modernity". Put bluntly, the re-embedding of traditional social forms into industrial social forms occurred through collective ways of living implied by classes, occupations, sex-roles nuclear family. "Class presumed the nuclear family which presumed sex roles which presumed the division of labor between men and women which presumed marriage". The effects of risk society has undercut (by the play of a form of progress able to turn into self destruction) the social formations of class, occupation, sex roles, and nuclear family. With the advent of risk society "the distributional conflicts over "goods" (income, jobs, social security)" become "distributional conflicts over "bads" (threat to the environment, overmilitarization, poverty in the third world...)". Risk society means that "modern societies are confronted with the bases and limits of their own model".

The radicalization of modernity, individualization, globalization and the shift of technological paradigm are influencing the way general interest is conceived i.e. the externalities that are socially valued. New issues and dimensions of general interest are emerging whereas old ones are disappearing. Environment, sustainable development, public health, industrial risks, genetic manipulation appear as new issues where general interest is involved. At the same time technological innovations, increasing globalization and individualization open the way for considering as being of private interest what was perceived as general interest. In other words, what is considered as of general interest is influenced by the social changes we are going through.

These evolutions affect also the the institutional structure within which services of general interest are produced. Considering three basic institutional structures, public provision, regulation and voluntary provision, it is possible to relate structural changes to the trends characterizing the institutional structure of provision of services of general interest. Technological innovations and individualization push in the direction of a reduced involvement of public provision and an increasing importance for regulation and voluntary provision.

Considering the economic discourse, there are three main rationales for public provision of a private good, even though other means of public intervention such as regulation are also available, the presence of increasing returns to scale and the presence of externalities. In presence of increasing returns of scales the average cost of production declines as the level of production increases. Efficiency requires that price equal marginal cost, but at this price the firm will suffer a loss since marginal cost is lower than average cost. Increasing returns of scales may reflect the presence of a (price-excludable) public good component within the private good such as for example in the case of network utilities (telecommunication, transport, electricity). As stated by Baumol et al. (1982) after having invested in the public good component (for example the network) the firm has a linear technology (constant returns of scales). Once the network has been installed (railroad, telecommunication, electricity) the additional cost of using the network is decreasing (increasing returns of scale) because the network exhibit (up to a congestion point) non rivalry that is the consumption by one individual of the network's service does not reduce the flow of services available for consumption by others, so that the same level of service can appear as an argument of each consumer's preference.

In the case of increasing return of scales (natural monopoly) it may be efficient to have only one provider of the service, since increasing the level of output reduces the cost and price.

Provision monopolies has been criticized on two grounds. First, the monopolist faces poor incentive to reduce costs. Second the price structure may be distorted not allowing an optimal allocation of resources.

But more than these criticisms it is the possibility of decomposing a network-industry into marketable services and general interest services, made possible by technological innovations that led to the breakdown of monopolies.

In this context, where information and communication technologies have made decentralization (within the public and from the public to the private) possible, incentive regulation has appeared increasingly as more efficient than public provision in order to reach efficiency in presence of increasing returns of scale and externality.

On the other hand, as pointed by Sugden (1984), there are three ways of financing the production of goods and services: by charging consumers, by raising taxes and by voluntary contributions.

Following Sugden (1984) it is possible to consider that the voluntary sector differs from the profit-making sector in that exclusion by the price mechanism is not the mechanism that characterizes voluntary provision even though voluntary organizations may be more or less commercialized. The goods and services produced in this sector are allocated among consumers, the fact that a person has contributed towards the costs does not give him any entitlement or priority. Thus one person's contribution typically confers benefits on a group of people. In this sense the services provided by the voluntary sector are public goods, even if exclusion is technically feasible." Services of general interest may be organized on a voluntary basis when consumption externalities exist. The phenomenon of "globalization" and the cultural diversification that it entails as well as the increasing self-reflexivity that characterize the process of individualization are powerful driving forces for the self (voluntary) organization of the production of general interest in the domains where the state is failing.

3.2. Efficiency, institutional form and general interest

The main used argument for transforming the institutional structure of production of services of general interest have been the efficiency argument focusing on incentives issues. Public and voluntary provision of services of general interest are said to be inefficient because of the lack of incentives for reaching efficiency. According to Linbeck (1981), disincentives effects are due to the wedge introduced by institutional rules between the social return and the return to the individual on productive effort. As highlighted by Sandmo (1991), this interest concerning disincentives effects traduces an evolution in the economic thought. During the sixties there was little discussion of the merits and weaknesses of the market and little awareness of the disincentive problems. The focus on incentives issues may be thought as reflecting, within economics, the rise of individualism. Indeed, the incentive turn has led economic analysis to set outside its scope all types of collective criteria for defining and assessing efficiency.

The general argument may be summarized as follow: because individuals are supposed to be driven by monetary stimuli, they have incentive to work harder when they have positive rewards and to reduce their efforts when these rewards decrease. As far as markets give a reward proportional to effort they lead to efficient behavior. Other forms of economic institutional arrangements by introducing a wedge between rewards and effort create disincentives. When markets fail, institutional arrangements have to be designed in order to give efficient incentives.

In this section we summarize and discuss two main arguments stating the inefficiency of public and voluntary provision of services of general interest.

Poor cost performances, competition and incentive regulation

In the case of natural monopoly (increasing returns of scales), public owned firms usually operate at the zero profit point (intersection of their demand curve and their average cost curve). This point is efficient under the assumption of effective potential competition since if the firm operate over the average cost of production it will be threatened by new entrants operating at a lower cost. However, in presence of sunk costs (non recoverable costs upon the exit of the firm) an asymmetry exists between established firms within an industry (incumbents) and entrants since the entrants have to take into account not only the current profit and price but the profit and price after entry i.e. once having made the sunk cost expenditures.

Natural monopoly does not lead necessarily to inefficiency when potential competition is effective, but generates inefficiency when sunk costs (such as concerning network industries) are important.

As pointed by Laffont and Tirole (2000) one of the motivation for the design of incentive regulation is the perception of poor cost performance of regulated or public owned firms due to a lack of incentives. Incentive regulation however (Laffont and Tirole, 1993; 2000) entails a trade off between incentives i.e. a trade-off between on the one hand costs reduction that entails a high powered incentive scheme (scheme in which the firm bears a high fraction of its costs at the margin) and rent extraction which requires in the presence of adverse selection, low powered incentive schemes (in which the firm is reimbursed for its costs and in which costs saving has no incidence upon the firm's profit).

The problem of attenuated property rights

The fact that under public provision and voluntary provision the provider may pursuit other objectives than the maximization of profit (and its corollary in terms of property rights: the absence of residual claimant) has been put forward as a factor of the inefficiency. The management of the organization may pursuit objectives such as the growth of the organization, the development of the staff, the

increase of its own emoluments. In for-profit firms, owners have a financial incentive to ensure that production is efficient since it will maximize their residual claim. In nonprofit firms, the absence of residual claim reduces the member's incentive to ensure efficiency.

In effect, under private property rights the owner has the right to (1) decide about the use of the firm's resources (*ius utendi*), (2) keep the residual i.e. total revenue minus costs (*ius fruendi*) and (3) sell his rights over the capitalized wealth of the firm (*ius abutendi*).

Property rights are attenuated for a nonprofit firm or a public owned firm: the members of a voluntary organization cannot keep the residual. Further, the members or the government (under budgetary rules) cannot capitalize the firm's wealth by selling the rights to future income flows.

The attenuated rights lead to different behavior than private property rights. The attenuated rights reduce the price of managerial emoluments (pleasant office colleagues, short working hours, greater output) to the members or the public owner.

Thus attenuated property rights lead to a choice of lower firm wealth and greater non pecuniary benefits. If these non pecuniary benefits include elements other than quantity and quality of output, the nonprofit firm will exhibit higher production costs for the same output than the profit seeking firm.

Counter-arguments

A first criticism of the efficiency argument (both in terms of poor costs performance and attenuated property rights) is that only monetary stimuli are taken into account in order to assess the performance of an institutional form.

A second line of argumentation consists in showing that public and voluntary organizations may be efficient solutions for the production of services of general interest.

As stated by Weisbrod (1975) many outputs produced by nonprofit and public organizations provide external benefits (or are public goods, a special kind of externality). In such a case, for-profit firms either leave the market or produce less than the efficient quantity. If the nonprofit firm's members or the citizens value the provision of such goods, then it would count as an emolument that helps society as well as the managers. Managerial discretion, allowed by donations and the non distribution constraint or zero profit constraint, can be efficient mechanism for the provision of goods with external benefits.

When it comes to voluntary provision, the property right argument implicitly supposes that the only incentive ensuring efficiency is provided by the residual

claim. This claim does not apply for all types of nonprofit organizations. It is possible to distinguish public benefit nonprofit from mutual benefit nonprofit (Gui, 1991). Mutual benefit organizations are organizations where the beneficiary and the dominant categories (controlling the organization) coincide as for example in the case of self-administered aid. In this case, when self-dealing is practiced (i.e. when the members are the beneficiaries of the output) the inefficiency conclusions are weakened, since the members have incentives to ensure efficiency. There are two main reasons for the beneficiaries to create and control a nonprofit organization. First, in the case of an output characterized by informational asymmetry (where the beneficiary category is the less informed party e.g. nursing care), control by the beneficiaries eliminates the moral hazard problem. Second, in the case of a public good control of the organization by the beneficiaries solves the free rider problem and the "marginal impact monitoring problem" i.e. "the inability of the payer to ascertain whether his contribution is actually used to improve the quantity or the quality of supply, rather than being simply pocketed by somebody" (Gui, 1991).

Public benefit nonprofit are organizations where the dominant category of the organization (having the decision power) does not coincide with the beneficiary category, such as for example nonprofit hospitals and nursing care. In this case the incentives to monitor performance may be lacking. But the members may have altruistic preferences leading them to value external benefits (or a public good). One explanation for altruistic preferences is that the individual benefits himself from altruism. Another (Sugden, 1984) is that the individual's utility function incorporates not just one's derived utility from altruistic activity but also one's utility from the altruistic behavior of the others, so that each individual will be altruistic at least as much as those in his reference group. But even if the members dominant category do not have altruistic preferences, they may be led to ensure efficiency if they are democratically controlled by representative of the beneficiaries (demand side stakeholder). In this last case the only difference, when it comes to inefficiency problems, between a nonprofit firm and a for-profit firm characterized by the separation of ownership and control, will be due to their objective function. In effect, when the manager of a for-profit firm is not the owner (separation of ownership and control) and when informational asymmetry occurs, the terms of the problem are the same for for-profit and nonprofit firms. Both for-profit owner(s) and the nonprofit beneficiary members or the public owners are confronted to managerial discretion leading to potential inefficiency. In the case of a nonprofit organization or a public owned firm an efficient incentive contract may be written between the nonprofit manager and the members. The result will differ according to the objective function of the members.

The property right argument inefficiency conclusions are dependent upon the implicit assumption that the decision makers (members or manager) cannot be interested in the surplus (the residual claim or the capitalized wealth) produced by the firm. By relaxing this assumption, (either considering a mutual nonprofit or a public benefit nonprofit with members having altruistic preferences and/ or are

subject to democratic control) it is possible to show that nonprofit organizations are efficient.

The economic discourse on institutional forms and efficiency advocates in favor of incentive regulation and voluntary provision of services of general interest. When the market fails, other institutional solutions are seen as second best solutions. State provision is viewed as the less efficient solution since incentives to reach efficiency are very weak. Incentive regulation appears more efficient as well as voluntary provision under certain conditions.

Conclusion

Both the content and the modes of organization of the production of services of general interest have undergone substantial changes during the past decades. These changes have to be related to more general structural changes affecting our societies. In this context, the economic discourse has produced arguments for the retrenchment of the state as provider of services of general interest. Incentive regulation and voluntary provision have been seen as more efficient than public provision. At the same time, technological innovations, globalization and individualization may be thought as driving forces for a reduction of the role of the state as direct provider of services of general interest. Technological innovations has allowed for more decentralized efficient solutions in the provision of general interest services, but at the same time combined with increasing globalization technological innovations lead to the development of new domains of general interest where state involvement is required. Individualization leads to more localized (infra national) conceptions of general interest and introduce the consumer logic within the production of services of general interest. The analysis of the economic discourse shows that state provision of services of general interest is the less preferred solution, at least when it comes to "traditional" services of general interest. It is clear that economists have influenced the way that services of general interest issues and policies have been conceived. But on the other hand, the questions that have been of interest for economists as well as the way they answered them are not totally independent from the structural trends characterizing the present societal mutations. In that extent it is possible to make a reading of this discourse as reflecting these trends. From this perspective two major conclusions may be drawn. First, the end of the industrial society and its social structure giving birth to new social structures entails transformations in the mode of organization of services of general interest production. Decentralized solutions appear as more effective and best fitted to the needs of the individualized consumer. Second, whereas general interest was defined mainly within the nation state space, these mutations lead to the emergence of new domains of general interest that are increasingly either supra-national or infra-national. This in turn influences the ways services of general interest are organized.

Such an analysis points also towards the main limit of the economic discourse (in terms of efficiency) when it comes to general interest. Since the externality that

constitutes the general interest is not valued in monetary terms, efficiency considerations are not necessarily decisive concerning the institutional organization of the production of such services. That opens a field of investigation and future developments for both economists and sociologists.

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**LA PRISE EN COMPTE DE L'INTÉRÊT GÉNÉRAL AU QUÉBEC.
NOUVELLE ARTICULATION ENTRE L'INTÉRÊT INDIVIDUEL,
COLLECTIF ET GÉNÉRAL**

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Nous nous intéressons aux modes de gouvernance des entreprises collectives (sociétés d'État, les entreprises syndicales et coopératives) engagées dans le développement de l'économie du Québec par la voie du financement. Ces entreprises collectives doivent avoir des modes de gouvernance leur permettant de répondre à des objectifs conformément à une double mission d'intérêt collectif et d'intérêt général. Outre leur fonction de collecte et de valorisation de l'épargne collective, elles jouent notamment un rôle important dans la structuration de secteurs d'activités névralgiques tels la nouvelle économie et le développement des régions, de même qu'elles agissent sur des secteurs structurants tels l'hydroélectricité et l'immobilier. À terme, nous cherchons à voir la possibilité qu'elles forment une cohérence telle que l'on pourrait parler de nouvelle gouvernance caractéristique du nouveau modèle québécois de développement (Bourque, 2000; Lévesque, 2001b).

L'objectif de ce texte est de développer la problématique qui, selon nous, peut permettre d'appréhender ces nouveaux modèles de gouvernance de l'économie et d'illustrer, à partir d'un cas, comment ces modèles permettent de prendre charge l'intérêt général. Dans la première partie, nous décrivons l'évolution du modèle québécois de développement des années 1960 à nos jours et nous présentons une modélisation des principales tendances en cours. Nous discutons également des changements apportés par la globalisation à la conception de l'État et de son rôle de gouvernant. Ces changements amènent des acteurs organisationnels et institutionnels à jouer un nouveau rôle dans la recherche de l'intérêt général, ce dont nous traitons dans la deuxième partie de ce texte à partir d'un exemple, celui du Fonds de solidarité de la Fédération des travailleurs du Québec¹. En conclusion, nous suggérons que le modèle de gouvernance partenarial est susceptible de contribuer à l'émergence d'une nouvelle économie mixte qui conjugue de manière originale l'intérêt général à des intérêts particuliers et collectifs. Nous y proposons de poursuivre nos travaux sur d'autres entreprises collectives qui sont au cœur du développement économique du Québec.

1. Le Québec, un modèle particulier dans l'économie nord-américaine

Bien que les opinions divergent concernant l'existence ou non d'un modèle québécois, il demeure que la société québécoise se distingue de ses voisines canadiennes et états-uniennes, de même qu'elle contraste sensiblement de ses cousines européennes. Le Québec est cependant aussi inspiré par ses origines françaises et conditionné par la colonisation britannique. Il s'inscrit dans des rapports particuliers avec le reste du Canada et son voisin les États-Unis. La société québécoise présente un modèle complexe qui se situe à la frontière de deux mondes. Les expérimentations qui nous intéressent ici peuvent en constituer une illustration, montrant comment des acteurs sociaux s'engagent dans le développement économique du Québec suivant un mode de régulation et de gouvernance particulier, que nous qualifierons ici de partenarial. Le contexte de la

¹ Cette étude a été réalisée en 2000-2001 par une équipe composée de Benoît Lévesque, Paul R. Bélanger, Marie Bouchard et Margie Mendell.

mondialisation contribue à revoir le rôle de l'État comme opérateur central de la politique industrielle, laissant une place plus importante à des acteurs de la société civile. Ceux-ci développent des fonctions qui intègrent des objectifs d'intérêt général, complémentaires et en partenariat avec les fonctions de l'État. Ce sont les particularités de cette adaptation au Québec dont nous traitons.

1.1 L'ancienne régulation et ses limites

Après la Conquête britannique de 1760 et l'échec de la rébellion de 1837-38, les canaux économiques coupés, la société québécoise s'est développée ensuite jusque dans les années 1960 à l'ombre de ses clochers d'églises. Commence en 1959-60 ce qui est désormais connu sous le vocable de Révolution tranquille. Ceux qui avaient attendu la fin du régime Duplessis² tout au long des années 1950 ont vu dans les réformes de la Révolution tranquille un très fort vent de renouveau. Il n'y a guère de société qui ait connu une telle transformation sociale avec aussi peu de violence politique. Tout ce changement ne s'explique pas par la transformation de l'État, mais il ne se serait pas fait sans lui.

Rappelons d'abord que la forme qu'a prise le modèle québécois à la Révolution tranquille, au début des années 1960, se caractérise par la diffusion du fordisme, la montée de l'État providence, mais aussi par la création de grandes sociétés d'État qui interviennent dans les secteurs financier et industriel. L'État devient non seulement Providence mais aussi Entrepreneur (Bourque, 2000).

L'expression « Révolution tranquille » englobe trois notions : une révolution idéologique qui vit naître un nouveau nationalisme ; le transfert de pouvoirs et de responsabilités vers l'État ; la confrontation entre l'État et les élites traditionnelles qui contrôlaient jusqu'alors la société québécoise (McRoberts, 1993). Cette nouvelle idéologie promouvait la réconciliation - longtemps évitée - entre le nationalisme et le développement social et économique (McRoberts, 1993), en d'autres termes la valorisation de l'État comme outil de modernisation.

Deuxièmement, la Révolution tranquille est l'exemple le plus patent de la montée d'un État non national au Canada. Avec leurs pouvoirs limités, certaines provinces se sont tout de même imposées en tant qu'institutions matures et complexes davantage capables de gouverner dans l'intérêt de communautés régionales (Young et al., 1984). Les années 1960 et 1970 ont été marquées par une grande vague d'institutionnalisation. De nouveaux ministères et de nouveaux organismes administratifs virent le jour. L'impulsion initiale fut de créer un réseau d'institutions pour étendre les limites de l'État québécois (Young et al., 1984). L'État québécois prit de l'expansion dans deux secteurs de l'économie : les ressources naturelles avec Hydro-Québec, Rexfor, Soquem, Soquip, etc., et le

² Duplessis était le très conservateur premier ministre du Québec qui resta au pouvoir de 1944 à sa mort en 1959. Sous son gouvernement, le Québec connut un régime conservateur semblable à ceux des pays d'Europe à la même époque.

monde de la finance avec la Caisse de dépôt et placement du Québec, la Société générale de financement et la Société de développement industriel.

Troisièmement, l'État québécois fut confronté à trois institutions qui dominaient alors la société québécoise : l'Église catholique, en matière de santé et d'éducation ; la bourgeoisie anglophone de Montréal et Toronto, en matière économique ; et le gouvernement fédéral, en matière politique. L'affrontement avec l'Église catholique sur la santé et l'éducation ne dura que quelques années. En 1965, le ministère de l'Éducation avait vu le jour et, en 1971, l'assurance-maladie était complètement implantée. Il reste quelques séquelles mais la sécularisation du système scolaire est pratiquement terminée. La modernisation du Québec, après 1960, se heurta aussi au gouvernement fédéral, qui avait déjà fait le saut dans la modernité (McRoberts, 1993). La légitimité de l'État fédéral fut remise en question, et l'est encore à ce jour.

La grande réussite de la Révolution tranquille a été la montée des francophones dans l'économie. Jusqu'à la fin des années 1960, le capital francophone était surtout représenté par des entreprises familiales ou individuelles de petite et moyenne taille. À partir de la fin des années 1960, une nouvelle génération d'entrepreneurs opère le passage vers la grande entreprise dont la propriété sera multiforme. Ceci a été rendu possible en grande partie grâce à l'État provincial québécois et, de façon plus générale, grâce à l'ensemble des institutions qu'il a mises sur pied (Bélanger et Fournier, 1987).

L'expression de Révolution tranquille couvre ainsi un processus de modernisation accéléré ou de rattrapage sur le développement politique, économique et social de l'Amérique du Nord d'alors. L'essence de cet effort de modernisation a consacré le rôle de l'État québécois dans la société. Alors que cet État était jusqu'alors minimal, il devint incontournable, s'immisçant dans toutes les sphères d'activité de la société. Après des années de déficit et un bien fragile équilibre budgétaire, cet État qui devait tout résoudre est remis en cause.

Dès les années 1970, les forces sociales, qui avaient créé cet État interventionniste, se disloquent, se fissurent. Les mouvements sociaux critiquent le dirigisme technocratique des services publics (Bélanger, P.R. 1988). Les centrales syndicales se radicalisent, critiquent l'État devenu, selon le mot de la Fédération des travailleurs du Québec, un « rouage de notre exploitation » (FTQ, 1971), et érigent une usine autogérée, Tricofil, en véritable symbole de démocratie économique (Lévesque, 2001b). Le patronat publie aussi son « Manifeste » qui critique l'intervention de l'État dans la vie quotidienne des entreprises et exige un retour à l'entreprise privée (Bélanger Y., 1998). Critique sociale donc, et remise en question institutionnelle, qui se greffent à la crise économique, à la montée du chômage et de la concurrence internationale. Pour tous les acteurs sociaux, il devient évident que la forme étatiste a épuisé ses capacités à relancer l'activité économique et à maintenir des appuis politiques (Bélanger, P.R., et Lévesque, 2001).

La montée d'une bourgeoisie francophone mit un terme, au début des années quatre-vingt, aux débats entourant le contrôle de l'économie québécoise. La globalisation de l'économie a aussi modifié les termes du débat de l'époque. L'État québécois ne peut plus faire seul, il est à la recherche de partenaires. Il doit désormais faire partie d'un système plus large de gouvernance. Dès 1979, le gouvernement propose une nouvelle stratégie économique où l'État abandonne son rôle d'entrepreneur et invite les agents économiques à se concerter au moment de sommets économiques afin de refaire l'unité autour d'objectifs de relance de l'économie québécoise. La méfiance des acteurs est forte mais certains décideront de s'y engager, comme ce fut le cas de la Fédération des travailleurs du Québec avec la création du Fonds de solidarité (Bourque, 2000). Quant aux associations patronales, si elles se sont engagées elles aussi dans la concertation, il ne faut pas minimiser l'importance du discours néolibéral, bien exprimé par les débats sur le déficit, sur la lutte contre la pauvreté et sur la mondialisation (Bélanger Y. 1998). La concertation demeure conflictuelle et ne produit pas de consensus mais bien des compromis (Bélanger, P.R. et Lévesque, 2001b).

Au début de mai 2000, le taux de chômage était sous les 4% aux États-Unis, sous les 7% au Canada mais demeure au-dessus de 8% au Québec. L'État minimal américain que vantent les économistes néo-libéraux n'est pas la seule solution disponible. D'autres modèles économiques sont possibles. Mais est-il possible d'avoir un modèle original en Amérique du Nord? L'intérêt au Québec pour l'économie sociale, les coopératives, les sommets socio-économiques, etc., témoigne de différences importantes avec le modèle des États-Unis.

Les limites du couple État-marché appellent à une nouvelle régulation qui peut prendre deux voies : soit la voie néolibérale, qui s'en remet au marché comme régulation explicite et exclusive (du moins dans le discours) et où l'intérêt général correspond à la somme des intérêts individuels; soit une autre voie qui n'est pas celle des années 1960-1970 mais qui fait appel à une nouvelle économie mixte (et donc plurielle) et à une gouvernance impliquant le public, le privé et l'économie sociale. Alors que le couple État-marché avait la facilité d'une opposition conceptuelle claire entre intérêt individuel et intérêt général, le trio État-marché-société civile appelle une construction plus complexe, combinant l'intérêt individuel, collectif et général. Dans ce contexte, des changements s'imposent dans le mode de gouvernance de l'État et des entreprises collectives.

1.2 Nouveau rôle de l'État dans le contexte de la globalisation

Selon Lynn, Heinrich et Hill (2000), la gouvernance est une configuration de lois, de structures, de ressources, de règles administratives et de normes institutionnelles qui programment et conditionnent les services et les régulations étatiques. D'où la nécessité d'étudier la hiérarchie de relations ou de processus qui anime cette configuration. Les intérêts et préférences des citoyens conduisent à des choix législatifs et politiques qui entraînent la sélection de processus administratifs et de structures formelles. Il faut ensuite gérer les activités, les organisations et les

programmes par le travail des agences et des technologies qui permettent d'offrir des produits et services. Cette offre donne des résultats souhaités et secondaires qui sont évalués par les intéressés (*stakeholders*), lesquels influencent rétroactivement les préférences des citoyens. C'est désormais à travers les mécanismes de gouvernance que la défense de l'intérêt général est articulée. En bref, la gouvernance peut être définie comme le processus par lequel une société/économie/politique se dirige elle-même (Paquet, 1997 : 35). L'idée même de gouvernance présume que l'État n'est plus au cœur de l'analyse mais un intervenant en réseau qui doit se justifier de continuer à exister. En parallèle avec la montée de la popularité du concept de gouvernance, ce qui était estimé devoir être fait pour réformer l'État a évolué. L'administration publique traditionnelle a été battue en brèche par les prescriptions du nouveau management public.

La nouvelle gouvernance tire ses origines d'un contexte où la mondialisation a contribué à revoir le rôle de l'État comme opérateur central de la politique industrielle, laissant place aux demandes de participation et de démocratie des acteurs sociaux de même qu'aux critiques de l'État (*good governance*) et à l'introduction de méthodes du privé dans la sphère publique (le nouveau management public) (Bernier, 2001; Charhi et Daniels, 1997; Kernaghan, Marson, et Borins, 2000). Ainsi, la nouvelle gouvernance ne peut plus être hiérarchique et centralisée. Elle bâtit sur la complexité, la différenciation et la diversification (Paquet, 2000a: 64; Ford et Zussman, 1997), la décentralisation (Bruyn, 1997), le réseau (Lemieux, 2000; Rhodes, 1996; Joffe, 1998). Elle peut être qualifiée comme une gouvernance distribuée (Paquet, 2000a), partenariale (Le Galès, 1996; Lévesque, 2001a) ou encore associative (Streeck et Schmitter, 1985). La transformation des modes de gouvernance implique également la recherche d'une meilleure synergie à la fois au sein des organisations et entre elles. Le recours aux connaissances et aux enseignements que possèdent les partenaires mène à rehausser le degré d'apprentissage social au sein de systèmes d'innovation territorialisés définis par les contours d'un secteur, d'une industrie ou d'une région (Paquet, 2000b). Cette structuration passe par la concertation entre acteurs publics, privés et de la société civile (associations, syndicats, économie sociale, collectivités locales, etc.).

Depuis le début des années 1980, un renouveau de la théorie institutionnaliste a poussé à reconsidérer ce que l'État pouvait faire, faisait et pourquoi il le faisait³. L'autonomie relative de l'État vis-à-vis de sa société et de la communauté internationale a été longuement analysée (Skocpol, 1985). Dans cette perspective, la question est de savoir à quel point et dans quels domaines l'État a une marge de manœuvre face aux pressions des groupes d'intérêt ou des communautés spécialisées autour d'enjeux politiques. D'autres travaux ont proposé que

³ La définition utilisée de l'État est celle tirée de March, James G. et Johan P. Olsen (1984), "The New Institutionalism: Organizational Factors in Political Life," *American Political Science Review*, page 741: l'État est "A collection of institutions, rules of behavior, norms, roles, physical arrangements, buildings, and archives that are relatively invariant in the face of turnover of individuals and relatively resilient to the idiosyncratic preferences and expectations of individuals."

l'autonomie est inutile si l'État n'a pas une certaine capacité d'agir. Cette capacité étatique d'intervention varie aussi d'un domaine à l'autre. Elle dépend de l'expertise accumulée, de l'acceptation du rôle de l'État par les acteurs intéressés du domaine, etc. L'autonomie et la capacité d'agir ne sont utilisées par ailleurs que si une volonté de les utiliser existe.

Ce renouveau d'intérêt pour l'étude de l'État a correspondu à l'élection de gouvernements conservateurs en Grande-Bretagne, aux États-Unis, au Canada et même en Suède. Le néolibéralisme a gagné en popularité alors qu'une population plus éduquée devenait plus critique face aux coûts montants de l'État et à l'échec relatif des États Providence. Les politiciens se faisaient désormais élire en cassant du sucre sur le dos des fonctionnaires. Les États confrontés à des déficits croissants devaient alors couper les services et augmenter les impôts, ce qui n'améliorait en rien la légitimité de l'État. Qui plus est, la mondialisation de l'économie a réduit l'autonomie des États sur le plan économique. Le terme «gouvernance» a ainsi gagné en popularité.

Le terme de gouvernance a été popularisé par la Banque mondiale qui souhaitait moins d'État, plus de libre échange, moins de corruption et plus d'État de droit. Au contraire, la capacité des pays de se développer tient aussi à la capacité de transformation des États et à leur capacité de coordonner le changement industriel face à la mondialisation (Weiss, 1998). Il n'est pas évident que moins d'intervention de l'État améliore le fonctionnement de l'économie. Les gouvernements doivent apprendre à fonctionner dans un environnement plus volatile et donc avec plus de flexibilité. Katzenstein (1978) proposait, il y a un quart de siècle, que les réponses aux soubresauts de l'économie mondiale causés par la crise du pétrole étaient indicatifs des forces politiques en présence dans les divers pays touchés. Nous croyons que l'ouverture à l'économie monde a conduit à changer le rôle de l'État vis-à-vis des autres acteurs dans la société et non pas forcément à son rétrécissement. La compétitivité des économies nationales pose la question du poids de l'État dans une société. Et c'est là qu'est une des questions les plus intéressantes qui puisse être posée sur la gouvernance.

Outre le changement d'idéologie dominante, il a fallu transformer l'État pour de nombreuses raisons: parce que l'État manque d'argent, parce qu'il manque de fonctionnaires suite à des compressions de personnel, parce que l'idéologie dominante a changé, parce que l'image de l'administration autant que des politiciens a pâli au fil des ans, parce que de trop nombreuses querelles de juridiction subsistent, parce que les réformes passées n'ont pas toujours réussi et parce que la technologie le permet (Kernaghan, Marsan et Borins, 2000). Une des tendances importantes actuellement est la migration de certaines fonctions de l'État vers le secteur privé, le secteur social, les coopératives, etc., en bref vers la société civile. Ce peut être sous la forme de partenariat, de sous-traitance, etc. Le faisceau de facteurs décrits ci-haut a permis de considérer de nouveaux instruments de mise en œuvre des politiques publiques qui étaient auparavant rejetés automatiquement. Tous ces changements posent la question de la gouvernance de l'économie.

1.3 Modes de régulation et gouvernance

Le contexte de la crise de l'État Providence et de l'État-régulateur mène à développer des montages mixtes qui associent des instruments de l'économie publique avec d'autres instruments du secteur privé et de l'économie sociale (Monnier, 1999). La distinction entre l'économique et le social s'atténue et les entreprises collectives servent d'intermédiaire, favorisant la médiation entre les deux (Piore, 2001; Sauvage, 1996) et l'apprentissage collectif (Rosell, 1999). Dans ces nouvelles formes de régulation, le principe d'association est un ressort de l'activité économique au même titre que la concurrence (Streeck et Schmitter, 1985; Aznar, Caillé, Laville, Robin et Sue, 1997), ce qui permet de combiner des principes de marché, de redistribution et de réciprocité au sein d'une économie plurielle (Polanyi, 1983).

Les sociétés d'État, les entreprises syndicales et coopératives sont des entreprises collectives qui s'inscrivent dans cette économie plurielle sans doute différemment. Elles ont toutefois en commun de devoir relever le défi du marché tout en devant à répondre à des objectifs d'intérêt économique général (Bouchard, Bourque, Lévesque, 2001; Bernier et Hafsi, 2001; Bernier, 2001). De ce point de vue, elles ont donné lieu à une multitude d'innovations sociales, notamment au plan organisationnel. À l'heure de la mondialisation et de la libéralisation des échanges, ces entreprises collectives font face à des défis nouveaux. Certaines d'entre elles vivent un processus de privatisation, de démutualisation, ou de décoopérativisation. Parce qu'elles ont été définies le plus souvent en fonction d'une économie nationale, elles apparaissent inadaptées pour s'attaquer au marché mondial alors que leur marché (national) doit s'ouvrir à des concurrents venant de partout dans le monde. Au même moment, il est en quelque sorte paradoxal qu'elles soient reconnues comme solution inédite pour répondre à des nouveaux besoins.

Au-delà de l'évolution de la situation au Québec, quatre formes de régulation rendent compte des tendances en cours. La **hiérarchie bureaucratique** a été la forme dominante, depuis la seconde Guerre, dans les entreprises publiques et privées. Elle supposait la centralité de l'État, une uniformisation des biens et services publics et l'opposition des intérêts particuliers à l'intérêt général. Cette régulation dite hiérarchique (Williamson, 1994) ou fordiste (Aglietta, 1976) est en perte d'efficacité. La centralisation des décisions bloque les innovations dans tous les domaines: rapport entre formulation et mise en œuvre des politiques, l'imputabilité et la transparence, le développement local, la concurrence par la qualité. Le **marché** se présente comme alternative. Il correspond à la migration de certaines fonctions de l'État vers le secteur privé, à la déréglementation, à la flexibilisation, et à l'approche-client. L'intérêt général correspond à la somme des intérêts particuliers. Ces nouveaux instruments posent notamment des défis aux principes d'universalité et d'accessibilité, et à l'arbitrage entre objectifs contradictoires (Bernier, 2001). Le **communautarisme**, qui a toujours existé, prend un sens nouveau car il représente une alternative aux relations marchandes

et/ou bureaucratiques. La régulation repose sur la confiance mutuelle inscrite dans des liens communautaires. Cette régulation est présentée par certains comme le modèle québécois de développement (Aktouf, Bédard, Chanlat, 1992).

Le **partenariat** constitue une autre voie d'expérimentation pour un nouveau mode de régulation. Et c'est ici que la question de la gouvernance se pose avec acuité. Le partenariat suppose la concertation entre acteurs sociaux ou organisations d'origines différentes. Mais cette dernière ne mène pas nécessairement à des opérations partenariales (Le Galès, 1996). En effet, le partenariat nécessite des ententes et une mobilisation de ressources qui vont beaucoup plus loin que la simple concertation. Il met en présence des acteurs qui ont des logiques d'action autonomes et différentes, et qui en même temps recherchent des compatibilités institutionnelles pour leur coopération. Ce faisant, il favorise la formation d'un capital intangible, voire d'un capital social constitué de savoirs (Deloncourt, 1993), de réseaux (Putnam, 1993) et de capacités de coopérer (Coleman, 1990). Par ailleurs, les tensions ne disparaissent pas pour autant puisque les partenaires continuent d'être autonomes et que leurs rapports peuvent être hiérarchiques ou démocratiques, les logiques économiques et sociales imbriquées ou subordonnées.

Tableau 1: Modes de régulation et gouvernance

	Hiérarchie bureaucratique	Marché	Communautarisme	Partenariat
gouvernance	centralisée hiérarchique	corporative marchande	locale communautaire	distribuée partenariale
principe	autorité	opportunisme (exit)	confiance	délibération
Intérêt général	Biens publics Opposition intérêts particuliers et intérêt général. Uniformisation des intérêts particuliers	Biens privés Somme des intérêts particuliers	Biens solidaires Intérêt collectif	Pluralité des intérêts mutuels, collectifs et général. L'accord (non de la réduction) des intérêts particuliers
État	Interventionniste, régulateur, redistributeur, producteur	Minimal, libertés individuelles, <u>défaillances de l'État</u>	Communauté-providence	Partenaire, régulateur, redistributeur
Marché	<u>Défaillances de marché</u> (marché circonscrit, socialisé)	Autorégulation	Troc	Supériorité du marché pour coordination; défaillances reconnues
Société civile	<u>Défaillances de la société civile</u> Le social: un coût et un débouché.	Charité, bienveillance, philanthropie	Solidarité	L'association voit aux intérêts sociaux Le social: un actif
Relations inter unités	Sous-traitance, contrat	Externalisation, impartition	Districts industriels	Réseaux, grappes Réseaux associatifs
Relations au territoire	Hiérarchie	Technopoles et dualisme	District communautaire	Démocratie locale Systèmes locaux d'innovation

Le modèle québécois issu de la Révolution tranquille relevait d'une approche hiérarchique qui a révélé ses limites. Depuis les années 1980, la société québécoise est à la recherche de nouvelles façons de faire. Dans le cadre d'une coordination gouvernementale moins hiérarchique, de nouvelles expérimentations dans le domaine de l'économie misent sur la concertation et le partenariat d'acteurs sociaux à partir de nouvelles conventions mettant de l'avant la qualité, les économies de variété et la participation des travailleurs: tables de concertation, grappes industrielles, promotion de l'entreprise-réseau, formes partenariales de

relations du travail, contrats sociaux. Au début des années 1990, on accélère cette recherche de nouvelles façons de faire. L'État s'efforce d'investir dans quelques secteurs stratégiques en termes de valeur ajoutée pour tirer profit de son insertion dans l'économie-monde. Le modèle québécois a donc sa propre «économie identitaire» (*identity economy*) combinant un intérêt marqué pour le libre échange, le renforcement de sa distinction culturelle, et la promotion de la solidarité sociale (Lachapelle, 2000). On assiste à un passage d'une forme de gouvernance à une autre.

Le partenariat caractérise certaines expériences québécoises et semble vouloir s'imposer à l'encontre de la voie néolibérale. Cette trajectoire s'explique probablement par l'héritage mais aussi par la dynamique des acteurs sociaux. Les syndicats, les coopératives et les entreprises de la nouvelle économie sociale, et même les associations patronales, ont vu leurs orientations se transformer au cours des trente dernières années, passant de l'affrontement à la concertation, puis à la promotion et au partenariat (Bélanger, P.R. et Lévesque, 2001).

Ce revirement ne se fait pas sans débat et, dans certains cas, ne produit pas de consensus mais bien des compromis. Ainsi, les quatre modes que nous venons de décrire constituent des types idéaux (Weber) qui présentent une forte cohérence entre les éléments constitutifs. La recherche empirique tend à montrer des configurations qui articulent des valeurs appartenant à plusieurs types idéaux. Ceci permet de rendre compte des tensions présentes dans les entreprises collectives qui résultent de la contrainte de leur double mandat, tensions qui sont potentiellement à la source d'innovations organisationnelles et institutionnelles. Nous tenterons d'illustrer ceci par l'exemple du Fonds de solidarité de la FTQ.

2. Le Fonds de solidarité, une entreprise collective inspirée par l'intérêt général

La nouvelle gouvernance de l'État dans un environnement économique globalisé redonne aux instances locales et régionales ainsi qu'à la société civile un rôle qu'elles n'avaient pas dans le modèle centralisateur et hiérarchique. La décentralisation de la fonction entrepreneuriale de l'État québécois s'est entre autres traduite par la montée de nouveaux «joueurs» du développement. Certains sont des acteurs collectifs qui agissent au nom d'une logique qui relève surtout du partenariat entre la société civile, l'État et le marché. Le Fonds de solidarité est un fonds d'épargne-retraite mis sur pied par l'une des plus grandes centrales syndicales au Québec, la Fédération des travailleurs du Québec (FTQ). Ce fonds de travailleurs a pour mandat, depuis son origine en 1983, d'agir sur le maintien et la création d'emplois dans les PME québécoises. Il est alimenté de souscriptions individuelles d'épargne-retraite provenant des milieux syndiqués et du grand public. Il connaît un développement très rapide de 1988 à 1994 alors que ses actifs passent de 217 millions à 956 millions de dollars (pratiquement un milliard). Le Fonds prend alors une configuration entrepreneuriale. Parmi les mécanismes du Fonds, le mode d'allocation des investissements montre bien le caractère particulier de cet outil économique. Le choix des entreprises dans lesquelles le

Fonds investit reflète la rencontre des logiques financières et sociales dans le processus décisionnel du Fonds. La participation du Fonds au capital des entreprises entraîne également un changement dans leur propre gouvernance. Enfin, par ses investissements stratégiques, le Fonds contribue à la recherche d'effets structurants sur l'économie et le tissu entrepreneurial du Québec, rôle qu'elle assume en complémentarité des actions de l'État.

2.1 Le choix des entreprises, une évaluation sociale

Avant de décider d'un investissement, un fonds de capital de risque procède à une évaluation financière de l'entreprise et à une analyse des marchés. Le Fonds de solidarité procède en plus à une évaluation sociale qui est qualifiée de «bilan social». Cette évaluation constitue une véritable innovation puisqu'elle entraîne des changements dans le mode de gestion des entreprises. Les dimensions évaluées concernent : le style du management (directif, normatif, consultatif ou participatif); le portrait de la main-d'œuvre; les conditions de travail; les relations de travail (passées et actuelles); la perception du management par les cadres intermédiaires; la production (processus de production et produits); la conformité avec les principales politiques de la FTQ (santé sécurité au travail, environnement, etc.); et la concurrence (notamment l'impact sur d'autres entreprises syndiquées). Fait à noter, les investissements faits par d'autres fonds ouvriers au Canada ne sont pas conditionnels à de tels critères d'évaluation sociale dans les entreprises.

Le bilan social est exécuté par un agent de développement issu d'un syndicat FTQ. Il y consacre deux ou trois journées, effectuant des visites dans l'entreprise. Cette évaluation vise notamment à mesurer le degré d'ouverture et de transparence de la direction envers les employés, de même que le style de gestion pratiqué, le climat de travail, les relations patronales-syndicales (là où il y a un syndicat), et le niveau général de coopération des employés. Le bilan social permet aussi de prendre connaissance des systèmes et des processus organisationnels. Le bilan social comprend également une estimation de l'impact de l'investissement sur le nombre d'emplois, de même qu'une description des conséquences éventuelles sur l'emploi si le Fonds décidait de ne pas investir dans cette entreprise. Le bilan social fait partie intégrale du dossier d'investissement et n'est pas simplement accessoire aux analyses financières et de marché. Il constitue un «passage obligé» pour qu'un dossier soit retenu par les instances décisionnelles.

La fonction première du bilan social est d'informer les travailleurs de l'éventualité d'un investissement du Fonds dans leur entreprise. Ce faisant, le Fonds recueille aussi, de la bouche même des travailleurs et des gestionnaires de premier niveau, des renseignements relatifs à l'état de l'entreprise, et évite ainsi les biais qui auraient pu être introduits par les dirigeants qui cherchent à être dans une meilleure position de négociation avec le Fonds. Les travailleurs sont donc avisés et consultés avant que le Fonds n'investisse, mais ils ne participent pas à la décision. Celle-ci revient au Fonds. Indiquons qu'en vertu de la convention d'actionnaires,

un représentant du Fonds siège au conseil d'administration de l'entreprise afin d'y faire valoir les préoccupations du Fonds en tant qu'actionnaire. Le Fonds ne se substitue pas à l'action syndicale ; la convention d'actionnaire et la convention collective (d'entreprise) sont séparées par un mur étanche. Cependant, la mission du Fonds eu égard à l'emploi se révèle lorsque, face à une situation financière difficile, le représentant du Fonds au conseil d'administration exige que l'on étudie sérieusement l'ensemble des alternatives aux coupures nettes de postes. Cela n'exclut pas que, dans certaines circonstances, la logique financière et la logique syndicale ne puissent se réconcilier, et qu'une confrontation naisse entre le syndicat et l'entreprise de laquelle le Fonds est actionnaire.

L'intervention du Fonds donne lieu à un apprentissage organisationnel. L'un des plus importants champs d'activités lié à ce phénomène, le programme de formation économique destiné aux travailleurs, apparaît comme une source concrète d'apprentissage tant pour la partie patronale que pour les travailleurs. Au moment de la formation sur le bilan financier de l'entreprise, les travailleurs sont informés de la situation de l'entreprise et peuvent s'interroger quant à son avenir. Les dirigeants, invités à se présenter à la fin d'une séance de formation, se trouvent alors face aux préoccupations des travailleurs et font la découverte de l'intérêt marqué des travailleurs pour ces questions. Par ailleurs, la formation économique favorise une meilleure compréhension de décisions qui pouvaient leur paraître auparavant aberrantes. En retour, cela fait la démonstration de l'intérêt, pour le dirigeant, d'informer les travailleurs sur la gestion de l'entreprise et de rendre celle-ci transparente.

Le suivi de l'évaluation sociale de l'entreprise prend différentes formes. Les sessions de formation économique, qui se déroulent annuellement, sont l'occasion de faire état de la situation de l'entreprise. L'agent de développement porte donc une attention particulière à l'évolution des différents éléments qui avaient été mis au jour dans le bilan social initial. Des statistiques sur l'emploi et la main-d'œuvre sont aussi colligées quatre fois par an et permettent d'en suivre l'évolution. Le Fonds est également en contact régulièrement soit avec la direction de l'entreprise, soit avec les représentants du syndicat, quand des événements particuliers se produisent dans l'entreprise. L'agent de développement joue ainsi un double rôle d'interprète, d'une part entre direction et employés, et d'autre part entre les employés et le représentant du Fonds au conseil d'administration de l'entreprise (souvent un conseiller financier). Il peut donc désamorcer des situations potentiellement problématiques et favorisant la discussion et la compréhension entre les parties, et en informant le Fonds des risques éventuels pour ses investissements.

Le fonctionnement et le succès du Fonds démontrent le lien entre bonne gestion, bonnes conditions de travail, bon niveau d'emploi et rentabilité de l'entreprise. Ainsi, le Fonds choisit de faire un investissement risqué si, grâce au bilan social, il peut établir l'existence de conditions de travail et d'un style de management qui susciteront la collaboration des travailleurs et des dirigeants, clé du succès de

l'entreprise. Alors qu'il était surtout, au début, un «chien de garde» des valeurs syndicales, le bilan social est aujourd'hui un outil pour mieux évaluer l'entreprise, même du point de vue de sa viabilité financière. Il occupe donc un double rôle. D'abord celui de se faire rencontrer deux logiques a priori séparées : la logique financière et d'affaires (conseillers financiers) et la logique sociale (agents du service des relations avec les travailleurs). D'autre part, sans renverser le pouvoir de la direction ou s'immiscer dans le rôle du syndicat, le Fonds peut favoriser la transparence, encourager les apprentissages organisationnels et contribuer à un meilleur climat organisationnel.

À l'objectif premier de maintien des emplois et de renforcement de la viabilité à long terme de l'entreprise, s'ajoute donc un second objectif du Fonds, celui d'un contrôle accru des travailleurs sur leur lieu de travail, un objectif de démocratisation du travail faisant appel à la formation des travailleurs. Le suivi du bilan social initial et les sessions de formation économique des travailleurs contribuent à la reconfiguration de «l'architecture sociale de l'entreprise». À travers ces diverses activités, les travailleurs font un véritable apprentissage de la réalité économique et financière de leur entreprise.

2.2 Les investissements stratégiques

Dans les premières années de son existence, le Fonds de solidarité se définit principalement dans un rapport aux entreprises prises individuellement à partir d'une double préoccupation, soit le maintien des emplois et le partage des droits de gérance. Dans une société salariale, une société où le salariat est généralisé et où une grande partie des avantages sociaux y sont rattachés, la question de l'emploi permet de faire le lien entre l'économique et le social (Aglietta, 1998; Castel, 1995). Dans ce contexte, l'emploi fournit aux travailleurs non seulement un salaire mais également une utilité sociale, une reconnaissance, une identité et des avantages sociaux (ex. retraite). Il ne saurait donc être question de minimiser cette préoccupation, ni les efforts pour maintenir les emplois ou pour contrer la tendance au désinvestissement dans les unités de production à rendement modéré ou faible. Cette double préoccupation répondait donc aux exigences de l'intérêt collectif des travailleurs directement concernés. Elle peut être justifiée également dans un sens plus large, si l'on prend en considération les coûts économiques et sociaux du chômage.

Cependant, dans une économie en reconversion, la préoccupation pour le sauvetage des entreprises et le maintien des emplois ne suffit pas à elle seule pour définir les paramètres des investissements conformément à l'intérêt général. À la fin des années 1980, les dirigeants du Fonds de solidarité ont apparemment compris la nécessité d'adopter une approche plus proactive et de se préoccuper d'effets structurants pour les secteurs, y compris la nouvelle économie, comme pour le territoire, y compris l'exportation. Pour l'investissement dans les PME, le Fonds devient de plus en plus proactif et se met à la recherche d'effets structurants comme le montre entre autres la formation de tables sectorielles de concertation où

l'on réunit divers partenaires pour planifier l'investissement dans un but de développement. Il devient ainsi un acteur social vers lequel on se tourne désormais, notamment pour des projets relevant de l'intérêt général. La création d'emplois s'inscrit alors dans une vision à long terme de développement, de sorte que l'investissement dans les secteurs de la nouvelle économie et le soutien à l'exportation sont désormais considérés comme nécessaires. De ce point de vue, la gouvernance tend à devenir un objet de réflexion au même titre que la mission. De 1995 à 2000, deux opérations de planification stratégique, dont la dernière a suscité beaucoup de participation de la part de tous les employés, permettent d'identifier et de structurer ses grands domaines d'activités (récréotouristique, biotechnologies, etc.).

Si le Fonds de solidarité s'était restreint aux seules entreprises en difficulté ou ayant besoin d'être consolidées, la tension entre l'intérêt individuel des actionnaires pour le rendement et l'intérêt collectif des travailleurs pour le maintien des emplois serait devenue intenable à long terme. De plus, certaines de ces interventions n'auraient pas été nécessairement conformes à l'intérêt général. Enfin, une telle orientation aurait pu devenir également contraire à l'intérêt collectif des travailleurs puisque certaines de ces entreprises auraient fermé après une longue et pénible agonie.

En mobilisant une partie de l'épargne-retraite des travailleurs pour la création d'emploi, le Fonds de solidarité fait entrer l'action syndicale dans un nouveau champ d'intervention, celui de l'investissement productif. Ce champ était jusqu'ici réservé aux entreprises capitalistes et aux institutions financières; l'État se limitait à définir les grandes règles du jeu et au besoin à mettre en place des institutions pour prendre en charge l'intérêt général (ex. Société générale de financement). Par ailleurs, il était en grande partie négligé par les syndicats qui se contentaient de faire des pressions sur l'État pour qu'il intervienne dans le sens de l'intérêt général. En s'ouvrant sur le monde, le secteur financier qui était cloisonné et fortement réglementé par les États nationaux l'est devenu de moins en moins. Il tend désormais à s'autonomiser par rapport aux besoins de l'économie réelle alors que l'investissement productif est devenu encore plus stratégique pour la reconfiguration des économies. Dans ce contexte, l'État a perdu une bonne partie de ses instruments de régulation. Par le biais d'un fonds comme le Fonds de solidarité, les dirigeants syndicaux de la FTQ sont désormais en mesure d'influer directement et pour la première fois sur la direction à donner à l'investissement productif.

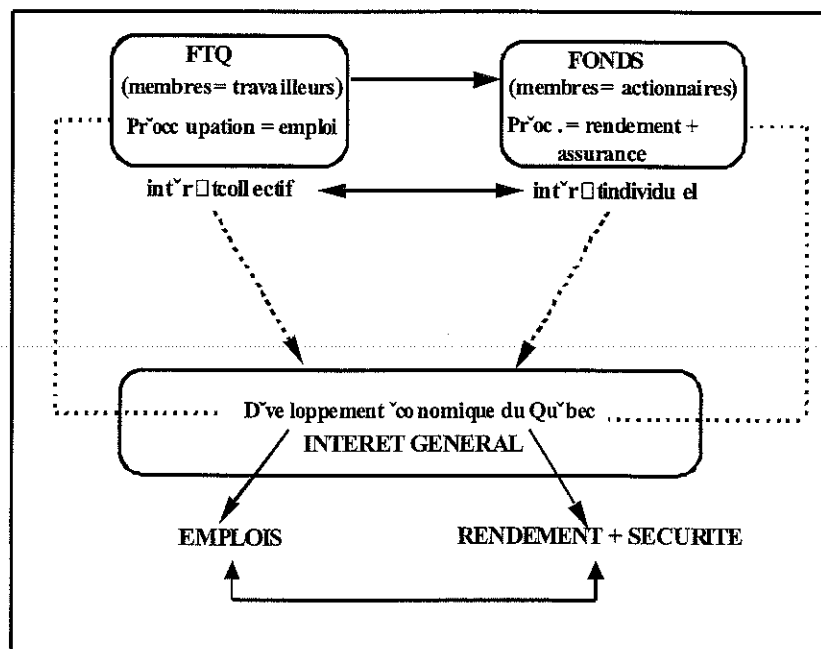
Nous entrevoyons ainsi l'importance de la vision stratégique de l'investissement que s'est donné le Fonds de solidarité puisqu'elle est indispensable pour dépasser une approche de l'investissement «cas par cas» en tenant compte de la restructuration des secteurs, de la reconfiguration des territoires et de l'insertion dans l'économie-monde autrement que sous le seul mode de l'adaptation. Dans cette visée, la question de l'emploi n'est pas abandonnée, mais posée dans un cadre où elle devient le résultat ou la conséquence de choix prenant en considération des dimensions plus

larges. Cette vision qui fait appel à des solidarités susceptibles de mobiliser non seulement les travailleurs mais les divers partenaires sociaux, relève de l'intérêt général. Avec la complexité croissante de l'économie, la nécessité de réagir rapidement et en liaison étroite avec le terrain, l'État fait de plus en plus appel aux divers partenaires sociaux pour trouver des solutions ou réaliser des projets que sa structure centralisée et bureaucratique l'empêchait de faire. C'est ainsi que les frontières entre les entreprises publiques et collectives sont plus perméables de sorte que, sans renoncer à son rôle de régulation, l'État délègue certaines fonctions comme celles des investissements visant la création de l'emploi, le développement régional et le développement de certains secteurs. On peut supposer que le Fonds de solidarité fait ainsi partie de la nouvelle architecture des modes de prise en compte de l'intérêt général (Monnier et Thiry, 1997).

2.3 L'intérêt général, compromis entre l'intérêt collectif et l'intérêt individuel

En somme, le Fonds de solidarité aurait trouvé une façon de concilier à la fois l'intérêt individuel, celui des actionnaires, et l'intérêt collectif, celui des travailleurs syndiqués, à travers une prise en compte de l'intérêt général. Son affirmation comme «fonds de capital de développement» et les stratégies d'investissement élaborées pour réaliser sa mission lui permettent ainsi de s'inscrire davantage dans la logique de l'intérêt général et de faire appel à des partenaires de plus en plus nombreux pour y tendre. En même temps, comme nous l'avons vu dans notre étude (Lévesque, Bélanger, Bouchard, Mendell, 2000), pour le développement régional ou pour un secteur donné comme le récréotouristique, cette ouverture élargit non seulement le nombre potentiel de partenaires, mais aussi les domaines où ces derniers peuvent se mettre en oeuvre (ex. la relève). Ainsi, l'engagement à contribuer par ses investissements au développement économique du Québec (intérêt général) et le fait d'y tendre ne peut qu'entraîner des effets positifs à long terme pour les actionnaires (intérêt individuel) puisque la rentabilité et la sécurité de leur épargne est fonction de l'ensemble des portefeuilles et du niveau de développement de la société québécoise. De même, la poursuite de l'intérêt général ne peut que servir l'intérêt collectif des travailleurs dont la qualité et le volume des emplois sont fonction de ce développement. En revanche, si le Fonds de solidarité ne misait que sur le maintien et la création des emplois dans les entreprises prises individuellement, l'intérêt collectif ainsi servi pourrait aller à l'encontre de la rentabilité recherchée par les actionnaires et possiblement à l'encontre également de l'intérêt général. La non-prise en considération du développement économique du Québec pourrait également entraîner une détérioration du cadre de vie des futurs retraités. **Seule la recherche de l'intérêt général permet de réconcilier l'opposition entre l'intérêt individuel et l'intérêt collectif** (voir la figure 1).

Figure 1: L'INTERET GENERAL, COMPROMIS ENTRE L'INTERET COLLECTIF ET L'INTERET INDIVIDUEL



Comme entreprise inspirée par l'intérêt général, le Fonds de solidarité est ainsi conduit à dépasser une approche cas par cas pour situer ses interventions dans la visée du développement économique du Québec. Dans cette optique, le Fonds de solidarité se réalise sur une véritable hybridation des ressources puisqu'il mobilise aussi bien des ressources publiques à travers les avantages fiscaux que des ressources collectives et bénévoles à travers la contribution syndicale (la souscription de l'épargne-retraite dans les entreprises se fait par le biais de volontaires) sans oublier les ressources marchandes à travers les revenus que génèrent ses investissements et placements. De plus, les acteurs syndicaux et les acteurs financiers qui sont associés au Fonds de solidarité peuvent mobiliser leurs compétences spécifiques et leurs approches respectives pour des compromis qu'exigent des projets visant le bien commun. Ce faisant, le Fonds de solidarité contribue au développement d'une intelligence collective qui lui permet de substituer partiellement des jeux coopératifs à des jeux non coopératifs conformément à la logique de l'intérêt général (Monnier et Thiry, 1997 : 17). En somme, le Fonds de solidarité contribue peut-être moins à la démocratisation du travail comme telle qu'à la démocratisation économique et à l'ouverture de ce champ aux dimensions sociales.

Conclusion

Avec la globalisation, l'entreprise s'est vue attribuer par l'État la fonction de défendre et de promouvoir le bien-être économique et social de la société «locale» en assurant son propre succès industriel et commercial sur la scène mondiale. De facto, elle internalise à ses propres fins certaines dimensions du rôle social de l'État. Cependant, en l'absence d'instance de gouvernance plus représentative de l'intérêt général, le risque est grand de voir des sujets à vocation particulière et porteurs d'intérêts spécifiques orienter en leur faveur l'action des sujets à vocation générale, porteurs de l'intérêt public. La nouvelle gouvernance renvoie aux transformations non seulement du modèle de développement, mais aussi aux mécanismes par lesquels l'économie demeure au service de la société, et non l'inverse. L'un des concepts qui traduit le résultat attendu de cette subordination de l'économie au social est celui de l'intérêt général. La notion d'intérêt général, dont les racines remontent jusqu'à l'Antiquité gréco-latine (Chevallier, 1970; Rangeon, 1986; Mappa, 1997), est mouvante et évolutive. Selon les contextes ou les époques, elle exprime des contenus spécifiques débouchant sur des notions approchantes comme intérêt public, intérêt commun, utilité commune, utilité publique, volonté générale, bien commun, intérêt supérieur de la nation, etc. Entendu comme «satisfaction de l'intérêt de la communauté des citoyens dans son ensemble», l'intérêt général fonde l'action publique autant qu'il la légitime.

L'intérêt général tel que défini à l'époque de la Révolution tranquille supposait une économie relativement diversifiée et par conséquent des investissements dans la plupart des secteurs industriels, quitte à mettre sur pied des entreprises d'État pour combler l'absence d'entrepreneur. Avec le libre-échange et l'ouverture des marchés, les économies nationales sont contraintes de se spécialiser dans certains secteurs de sorte que l'État soutient les entreprises privées les plus susceptibles de s'imposer, et contribue à la création d'avantages comparatifs pour ces secteurs, avantages de plus en plus localisés. Dès lors, l'intérêt général du Québec n'est pas exactement celui du Canada et encore moins celui de l'Ontario ou des provinces maritimes. À l'échelle du Québec, la décentralisation favorise la mise en place d'instances locales de gouvernance susceptibles de donner un contenu concret à l'intérêt général pour le périmètre de solidarité qu'elle contribue à construire. La notion d'intérêt général renvoie ainsi à «un système décisionnel disposant non seulement de compétences techniques dans la mise en oeuvre de l'objectif d'intérêt général, mais encore d'une capacité d'appréciation du contenu même de la fonction-objectif». Par suite, le fait que l'intérêt général doit être construit et qu'il ne peut l'être sur la seule base de l'expertise «conduit ainsi les organisations qui s'y réfèrent vers une gestion à caractère plus ou moins démocratique» (Monnier et Thiry, 1997 : 19). D'où d'ailleurs l'importance du mode de gouvernance et du modèle de développement qui tendent à s'imposer.

Dans le contexte actuel des transformations du marché et de l'État, la prise en compte de l'intérêt général doit être assumée, au moins partiellement, par diverses organisations. La notion de nouvelle gouvernance véhicule également l'idée que

des responsabilités autrefois dévolues à l'État sont progressivement prises en charge par les acteurs sociaux et, par conséquent, décentralisées.

C'est désormais par l'action convergente entre société d'État, fonds syndicaux et coopératives qu'on peut définir un modèle québécois original en Amérique du Nord. Le Fonds de solidarité présente un mode de gouvernance original en tant qu'entité juridiquement autonome contrôlée par une autre entité autonome qu'est la centrale syndicale. La participation du Fonds au capital des entreprises augmente le degré de transparence et d'ouverture de la direction envers les employés. Bien que préoccupé par le rendement et la sécurité des souscriptions de ses actionnaires (donc d'intérêts particuliers), le mandat du Fonds relève d'une logique d'intérêt collectif, celle du syndicat. À cela, il combine un objectif d'intérêt général par son rôle dans l'économie du Québec, à savoir le maintien et la création d'emplois de même que des actions structurantes dans des secteurs stratégiques. Cette entreprise collective peut ainsi conjuguer l'expression d'intérêts particuliers (déposants, futurs retraités, consommateurs), d'intérêts collectifs (syndicat, sociétariat, localité), et de l'intérêt général (croissance économique, développement du territoire, emploi).

Au confluent de ses traditions européennes et de ses influences Nord-Américaines, le Québec se présente comme un laboratoire d'expérimentation de nouvelles modalités de prise en compte de l'intérêt général. Contrairement à la situation aux États-Unis, où les groupes de pression agissent surtout dans la voie du pluralisme, le rôle joué au Québec par les entreprises collectives en est un de porteur d'intérêts collectifs circonscrits qui se sont définis à l'intérieur du nationalisme. Le cas que nous avons brièvement présenté montre la nécessité pour les sociétés d'État de se relier à la société civile, et, pour les organisations syndicales, de s'engager aux côtés des sociétés d'État dans la planification du développement économique du Québec.

Avec la mondialisation, la redécouverte de la société civile et l'importance croissante du savoir dans l'économie, les nouvelles formes de gouvernance font de plus en plus appel à des partenariats entre les acteurs du secteur public, privé et des entreprises collectives. Ces nouvelles modalités de coordination de l'activité économique favorisent la recherche de l'intérêt général par le biais d'une prise en compte multiforme et combinée d'intérêts individuels, collectifs et général. Dans ce contexte, l'État est moins appelé à être producteur que facilitateur de nouveaux rapports entre marché, État et société civile. Si la notion d'économie mixte renvoie d'ordinaire à des coopérations entre le secteur public et le secteur privé, le fait que l'État québécois soit en quelque sorte tronqué favorise ici la participation des entreprises collectives (notamment de l'économie sociale) dont la création correspondait à la stratégie distinctive du modèle québécois de développement. Le cas que nous avons présenté montre la capacité de «contamination» des entreprises capitalistes par une entreprise collective en leur faisant porter des objectifs d'intérêt général à partir de mécanismes relativement contraignants comme celui du bilan social et de la convention d'actionnaires. Une des opportunités qu'offrirait le partenariat serait donc désenclaver les logiques respectives des entreprises

publiques, privées et collectives, donnant naissance à une «nouvelle économie mixte» ou d'une économie plurielle.

Trois angles doivent être considérés dans l'étude de la gouvernance au Québec, ce que nous ne pouvons faire ici faute d'espace mais proposons de faire dans nos travaux à venir. (1) Le premier angle est celui des **formes de gouvernance** entendues comme formes institutionnelles (règles, codifications, conventions, accords) et formes organisationnelles (division et coordination, modes de fonctionnement, organisation du travail). L'étude des formes de gouvernance se concentre sur la représentation dans la composition des organes de gouvernance (souvent interinstitutionnelle), les modalités du développement de la stratégie (capacité entrepreneuriale, détection des opportunités innovantes, etc.), l'opérationnalisation des objectifs stratégiques (souvent en partenariat). (2) Le deuxième est celui de la **structuration de secteurs d'activités** importants pour l'économie québécoise (notamment la nouvelle économie, le développement régional, l'ingénierie, l'immobilier). Les effets sur les secteurs d'activités sont observables en termes d'effets directs (création d'emplois, investissement, choix des secteurs et des entreprises, valeur ajoutée, innovations organisationnelles, etc.) et indirects (prise en charge d'externalités, développement du territoire, capital social, cohésion sociale, etc.). (3) Le troisième est celui des **rapports à l'État et au marché** caractérisant le modèle de développement dans le nouveau contexte institutionnel induit par la mondialisation. Les relations à l'État et au marché sont entendues comme des dimensions analytiques : subsidiarité, complémentarité, concurrence, sous-traitance, etc.

Le cœur du modèle québécois de développement est financier (Noël, 1995; Bernier 2001). On en voit notamment les impacts sur la structuration de secteurs d'activités et de territoires. Les entreprises collectives œuvrent généralement de concert entre elles, combinant des capitaux publics et privés, et coordonnant leurs mandats respectifs dans des actions conjointes. Celles-ci se réalisent entre entreprises du secteur public (Caisse de dépôt et placement, Société générale de financement, Investissement Québec), fonds de travailleurs (Fonds de solidarité et FondAction) et fonds coopératifs (Capital régional et coopératif Desjardins, Investissement Desjardins). Il faut aussi considérer le rôle d'une société d'État non financière, Hydro-Québec (hydroélectricité) qui joue un rôle d'attrait important pour aider à l'implantation de grands projets. Nos travaux futurs seront concentrés sur ces quatre types d'entreprises collectives actives dans le développement économique du Québec. L'analyse comparative des projets retenus devrait permettre de dégager un portrait d'ensemble quant aux interactions et partenariats entre les acteurs, et les éventuelles complémentarités, synergies et cohérences qui s'en dégagent.

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NON-PROFIT SECTOR AND THE WELFARE SYSTEM

par

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In this note we will briefly discuss how the non-profit sector compares with the private and the public sector as supplier of services, which are typical of the Welfare State. Everywhere welfare services are simultaneously supplied by for-profit enterprises, by the State and public enterprises, and by non-profit organizations.

The share offered by the different sectors varies from country to country depending on several factors, such as economic environment, past history and general political preference. The question we would like to address concerns the capability of non-profit organizations to provide those services with a tolerable level of efficiency so that public subsidies and tax exemptions given by the State, as is usually the case, can be justified.

Recently, a good deal of attention has been given to the non profit sector, mainly since public sector deficiencies and fiscal crisis have put a limit to the expansion of State intervention: the State is less and less able to answer the growing demand of services typical of the Welfare State.

The lack of trust in the State, recently developed (it is not the case here to discuss the reason why this has happened), is at the root of a renewed appreciation for the role of the market as an institution that, at least now, cannot be substituted; nevertheless the rigidities of the market, sometimes increased by legislation, and its failures in several occasions prevent in many cases the achievement of efficient and equitable solutions.

Non-profit sector therefore might represent an interesting and useful alternative to the market and to the State, which are not able to overcome all disequilibria.

As we said each country has its own specific non-profit sector with its own specific features. Nevertheless non-profit units can be found in most countries more or less in the same sectors: social services, health, research and culture, education; the relative weight of the different sectors changes however from country to country. In general non-profit organizations are active in sectors typical of the Welfare State.¹ An inverse relationship can be observed in the welfare sectors between the presence of the State as a producer and the non-profit sector: the greater the number of public producers, the smaller the number of non-profit units.² Economic activities performed by the non-profit organizations are at the present time significant. The sector has in fact achieved a substantial size in many developed countries: in the nineties: in the United States non-profit sector was employing 6,8% of the whole active working force, in France 4,2, in the U.K 4%, in Germany 3.7%. In some country workers in non-profit sectors are more numerous than in the agricultural sector.

¹ On this see among others Rose-Ackerman, 1996

² These data come from Salomon Anheier, 1990

Recent data give an idea on how the sector has been evolving from a financial point of view: 47% comes from the sales of goods and services, 43% comes from the public sector through purchases and contributions and 10% from private gifts.³ From these data one might argue that the sector is now the business mainly of professionals who can manage fairly well complex producing units with a good number of employees. In fact one can argue that non-profit enterprises can compete today with private or public enterprises. Moreover data show how the non-profit sector is growing everywhere, indicating that it is able to answer new demands coming from society.

1. The rationale for non-profit sector

The purpose of this note as we said is to explore and compare non-profit sector to the other two sectors operating in the economic system: the private and the public sector.

First of all then we must specify the definition of non-profit used in this note. We define non-profit operating organizations as characterized by the prohibition to distribute any profits. The constraint on the distribution of profits means that, at least in principle, the main goal of the non-profit entrepreneur is not the maximization of profit. Others (Salomon, Anheier) have already used this definition even though it is not universally accepted. I use it because it seems to me that it does acknowledge the absence of lucrative purpose as the typical feature of non-profit enterprises.

The non-profit sector, according to current interpretation, can be seen as a tool to be used as a solution to two types of problems.⁴ On the one hand it can provide a possible substitute to private for-profit enterprises to overcome market failures when asymmetric information are present; in this case it can be seen as competing with for-profit firms. On the other side it can be considered as an alternative, either integrative or substitutive to the State, for the production of socially relevant services. We must therefore try to explain why the non-profit sector can sometimes be a solution to market failures and in other time a better solution to the public sector.

First of all, we must note that the non profit sector is characterized by the presence of people who are moved by altruistic and generally speaking ideological motives and who want to supply some specific goods and services: this is a situation not frequently contemplated by traditional economic theory, which usually makes the assumption that people are driven only by egoistic and opportunistic behavior and try to maximize profits. Altruistic behavior as the prime motive of action represents nevertheless a limit to the dimension of the sector since, in the majority of cases, egoistic behavior must still be considered the rule in economics. It is therefore difficult to imagine the non-profit sector, at least in the actual historical

³ See Salomon Anheier, 1994

⁴ On this among others Hansmann, 1980; James, 1990; Rose-Ackerman, 1996; Weisbrod, 1989

phase, having a prominent place in our economic system; but as we have seen looking at the data of various countries, this obviously doesn't mean that it cannot be an important and growing factor in our society.

In fact in the last fifteen twenty years this sector has been growing and providing answers to the imbalances created by the recent development of our ever-changing societies.

2. Non profit and market failures

The presence of market failures makes non-profit units possible substitutes of private for-profit firms. Market failures concern situations where asymmetric information are present (Hansmann calls them contract failures⁵); cases therefore where consumers do not have sufficient information to evaluate with any precision the quality — sometimes even the quantity — of a product. In these cases for-profit firms moved by the profit motive can act opportunistically lowering the quality of goods supplied. In this situation, consumers are more apt to trust non-profit organization since their management, being statutorily unable to take advantage of increasing profits, does not have any incentive to adopt opportunistic behavior. As is well known in the provision of health and welfare services asymmetric information are widespread and this can explain why we find so many non-profit organizations in these sector.

Moreover non-profit organizations, just because they are trusted, are able to attract resources at zero costs: financial through donations, and human through voluntary work. Donors have more propensities to give since they are not afraid that non-profit units will use their contributions for purposes not acceptable to them.

While the possibility to use resource at no cost concurs to lower prices, greater trustworthiness guarantees the quality of goods and services supplied by non-profit organizations.

Since asymmetric information can vary with time, these advantages for the non profit sector can be sometimes transitory. The possibility for non-profit enterprises to take advantage of the situation may decrease in time, either because more information might be generated endogenously, or because the State will start regulating and spreading information that reduce the existing asymmetry in favor of non-profit organizations.

Some example might be given: for instance, according to Hansmann⁶, Savings Banks in the United States were created in the 19th century as non profit mutual companies to protect savings from the high risks deriving from the profiteering and sometimes even unlawful behavior of the commercial banks. With time more regulation was introduced in the banking sector and this has almost completely

⁵ See Hansmann's article, 1980

⁶ Hansmann, 1990

done away with the original reason of existence of these institutions; even though they preserve the original legal form they now behave exactly as the other banks operating in the market. Many sections of the health sector had a similar experience especially in the States; more regulation in the hospital sector and a more organized market with expert buyers (insurance) has considerably reduced asymmetric information and therefore the differences between profit and non-profit operators⁷. The advantages of non-profit sector resulting from being able to avoid or reduce pitfalls coming from market failures are not determined forever but they change over time.

3. Non-profit sector as complementary to the public sector

When market failures are present one could argue that government structure or public enterprises public intervention could be used instead of non-profit organizations. In fact since the public sector usually doesn't maximize profits one could expect lack of opportunistic behavior from the State and therefore the presence of asymmetric information could be arguably overcome by the public sector. How can one then justify the use of the non-profit sector? Are there situations where non-profit is preferable?

To these questions two answers have been given. One has to do with political choice. It has been argued that preferences for non-profit might be due to a choice determined by political preferences. This is what has been Salomon's view⁸, which argues that in USA non-profit enterprises and associations have reached a very important position in social services because people do not trust direct intervention by the State since they fear that the State might become too big and have too much power. When facing new welfare needs, they preferred to create voluntary organizations instead of relying on public production. Nevertheless financing is very often provided by the State, which becomes a producer when the non-profit sector fails.

Salomon indicates which are the limits of non-profit organization: "one of these limitations is philanthropic insufficiency, the fact that it is difficult to secure contribution from all those who benefit from the good works that charities do, and that the voluntary resources to meet social needs are often not available where the needs are greatest. Another is philanthropic particularism; the fact is that private charities tend to focus on particular problems or groups of individuals, creating gaps in coverage and the potential for considerable duplication. A third: philanthropic paternalism, the fact that private charity can at best establish aid as a privilege, but not as a right, thus creating a residue of dependence. A fourth is philanthropic amateurism, the reality that voluntary aid is frequently too uneven and volatile to establish the professional forms of care that are often needed."⁹

⁷ For a good description of the evolution of the health sector in U.S.A. see Frank, Salkaver, 1994

⁸ See Salomon, 1990

⁹ Salomon, 1990

The State therefore acts to correct non-profit failures. Salomon views are important since they stress the point that the non-profit sector must be considered as an autonomous subject and not as a substitute of others' failure: it is the State that is subsidiary to the non-profit sector and not vice versa.

This argument is rather convincing for the United States. When this statement is applied to other countries it is less convincing. In Europe, for example, almost everywhere the State is not only the main subject financing the Welfare State, but is also the main producer. Non-profit sector is often covering situations where the State has been absent and therefore can be considered as correcting State failures. The American and the European situation seem to be the mirror image of one another.

Salomon's view is important because it illustrates two important points: the need to consider the non profit sector in its own right and not only as a subject to correct others' failures; the fact that how the sector operates and functions depends, in an important way, on tradition, political attitudes and institutional solutions specific to the country in which the non profit sector is operating.

Whatever interpretation we choose – whether autonomous subject or mere substitute of the State (and eventually of the profit enterprise) – one should always examine, to be able to give a fair judgement, how the non profit sector is answering the needs of society and how it compares with the action of the State. It is clear that to make this comparison – even summarily – one needs to identify the strengths and weaknesses of the two institutions as operators.

As already shown Salomon has described well the eventual limitations of the non-profit sector when compared with State action. Which are the weaknesses of the State compared with the non-profit sector? Very briefly we may point out a variety of reasons why in several circumstances the non-profit sector has better operating capacity than the public sector.

Let's have a look at the most important instances:

- The State may find difficult to translate different individual preferences into a single collective choice, as is well known from the very complex theory on voting. Besides, if there is no unanimity, part of the electoral body will be dissatisfied with the choice made by the State; it is then possible for the non-profit sector to find resources in addition to the ones collected in a coercible way by the State, and this will allow people to support initiatives perceived as deserving.
- Public enterprises and government institutions have serious limitations since they often respond more to requests coming from powerful pressure groups than to requests coming from poorly organized groups. Besides, as it is well known, the general rule of the public sector is majority voting. Therefore there is always a segment of society, which can express a genuine collective interest that cannot be satisfied. This often generates widespread distrust or at least

dissatisfaction with the public sector, and the belief that often the State does not take care enough of the "general interest"; it follows that the State is not able to collect as many donations as the non profit sector even though it does not maximize profit and therefore should not follow opportunistic behavior as private enterprise might. The fact is that the State frequently acts to satisfy the median voter, to the detriment of the sections of society that have different preferences.

- Non profit enterprises are very flexible when choosing their organizational structure, while the public sector must follow rules and bureaucratic behavior, which limit its efficiency and effectiveness; greater flexibility allows the non profit sector to answer more quickly and to give more attention to new needs and demands coming from society (a typical example: drug assistance which by and large is run by voluntary associations).
- The possibility to have lower costs of production, using in part voluntary workers whose quantitative presence varies from sector to sector (for instance the proportion of voluntary workers is much bigger in assistance activities than in the health sector); the relative advantage of the non-profit sector depends on the relative weight of the voluntary workers.
- Greater willingness by users and consumers to pay, at least partially, services supplied by non-profit enterprises, while there is a presumption of gratuity when services are produced by the public sector.

4. Limits of the non-profit sector

We have tried in the preceding paragraph to compare the relative advantages of the State and the non-profit sector. We shall now instead examine some general shortcomings that non-profit organizations meet.

Non-profit units, since they do not maximize profits, do not have strong incentives to be efficient. Therefore if the increase in costs due to lack of incentives is greater than the advantage coming from the non-opportunistic behavior of the non-profit organizations, the result could be a non-efficient situation. It is therefore legitimate to ask ourselves whether fiscal incentives usually granted to the sector are justified on the basis of smaller social costs. Empirical research on private, public and non-profit organizations do not give up to now definitive answers. In some sectors non-profit organizations, according to some American and European research, are to be preferred because of lower costs; this is particularly true in the field of assistance and personal services. In these sectors altruistic behavior does produce positive effects.¹⁰

A critical issue is the possibility that non-profit organizations might be used improperly, violating substantially, even if not formally, the rule that prevents profit distribution (this is at least a necessary even though not sufficient condition

to insure altruistic behavior). The rule can be circumvented in different ways: for example with real estate operations or with the payment of wages higher than market wages. American literature on this topic is plentiful: it shows how non-profit organizations are used to achieve private interests; in Italy we have similar examples (for instance, sport associations were used as a mean to finance political parties.) Non-profit organizations are justified if they maintain their characteristics based on altruism and solidarity. If, for whatever reason, this does not occur, fiscal incentives by the State are not sufficiently justified.

Since there always is a propensity to use the type of institution giving more advantages, it is necessary to monitor closely non-profit enterprises; this obviously is a very sensitive matter. Controls by the State probably will produce red tape and bureaucratization in the non profit units, making them similar to State institutions and limiting their flexibility, which is one of their best qualities.

A too strict control might also endanger the autonomy and independence of non-profit institutions, increasing the risk of collusion between the State and the non-profit sector and this might bring about inefficiencies and bribes.

The cost of monitoring must equally be considered: if too high, it can offset the advantages of the sector.

As a last point one should remark that the effectiveness of the sector depends on how non-profit enterprises are considered in a given society. In some countries the sector is highly developed and enjoys a healthy financial situation with a high degree of autonomy and independence: in such cases these institutions will generally be used correctly and therefore their performance will show a satisfactory quality.

5. Some Conclusion

Without any doubt the non-profit sector is playing a very important role since in these organizations individuals can exercise their autonomy and initiative in fields and for purposes which are not strictly tied to maximization of profit; activities are carried on with solidarity and altruism and are in any case expression of preferences and specific interest. As we already said non-profit sector is very important in an historic period like ours, being able to counter well spread phenomena like social fragmentation and marginalization. It is not certainly by pure chance that the non-profit sector has considerably grown in the States during the great depression, and that it became smaller after the Second World War when the rate of unemployment diminished considerably and a more satisfying level of wealth was reached. Social crisis and turmoil stir feelings of solidarity and stimulate activities, often inside the third sector, in favor of the less fortunate. Now in the face of big technological changes, which can raise at least temporarily unemployment, of growing internationalization of national economies, of huge

¹⁰ For a comparison of costs in the for-profit and the non-profit sectors, see for example Frank-Salkaver, 1994 and Rose-Ackerman, 1996

migratory currents, of population growing older - facts that create tensions in society - one should not be surprised to see an expansion of the non-profit sector.

Even though as we have seen non profit organizations show some shortcomings their development should be encouraged since they can enhance social cohesion and can give a valid answer to specific needs of society; moreover from an economic point of view they can be, for specific services a valid alternative as a substitute or as a complement to the State when this is not able to accomplish efficiently its task in the welfare system.

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THE NEW INTERPRETATION OF THE SWEDISH MODEL

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1. Introduction

The role of the social economy in modern societies has caught an increased interest among policy-makers in recent years and a change in orientation of public policy relative to the sector can be observed in many countries. In order to choose between different strategies for economic policies it is important to identify what role the social economy actually can play in development of society. The social economy as a model for societal change is, for instance, relevant in economies where the public sector needs to be cut down or in the transition of the former Soviet bloc (Sätre Åhlander, 2000 and 2001a) or Eastern Germany (von Bergmann, 1989). The present paper analyses the role of the social economy in job creation, local development and of the provision of social services in Sweden. It focuses especially on how services provided by the social economy can be a complement or a substitute to the public sector. The links between the public sector and the social/co-operative economy in Sweden will be highlighted. There are four interrelated issues that are connected to the interrelation between the functioning of the economic system and the supply of social services, which will be analysed here. First, the aim is to analyse the development of local partnerships between the public sector and the social economy in Sweden. The second aim is to analyse what role new co-operatives/social enterprises could have in Sweden. Third, the aim is to analyse the causes of and explanations for the changes in society, which have implied that new ways to provide social services have developed. Fourth, our intention is to highlight the need and formalise the provision of social services rendered within the third sector, but with links to the public and semi-public sector. One important aim here is also to identify and analyse explanatory factors behind the probable changes in the economic system. Do social-economy providers fill a gap and what kind of social services do they offer? Are they thus complementary or supplementary producers of social welfare, compared to the public sector output in Sweden? Recent research states the question whether or not they offer services of a better quality in a broad sense. However, we shall not explicitly deal with the last dimension in the article, but rather discuss it in the context of a new paradigm within Nordic research on the topic of the third sector.

Although there are many examples in different parts of Sweden, most examples in the present paper is from the county of Jämtland, where the number of co-operatives in relation to the population is the largest in Sweden (Höckertin, 2001). The propensity to start new co-operatives is about five times higher in Jämtland than in other corresponding regions, probably because it is one of the most sparsely populated areas of Sweden. The effect of a contracting public sector is particularly evident when population is low. Similarly, the co-operative seems to be especially relevant when the market is not strong enough for the private firms to grow due to a too small demand for products and services. By focusing on a region where the private sector is weak, while at the same time the public sector is cut down quite substantially in relative terms the role of the co-operative as a model for development is distinguished. However, by the chosen regional example, we do not claim that this could be held a forthcoming benchmarking of the development of the social economy generally in Sweden, but that this regional solution might be a new trend for similar regions. In connection with the International Conference in

Gävle in 2001, the Minister for Interior and Regional Affairs, pointed out that models of social economy were clearly to be recommended also in immigrant residential areas, where private production of social service did not exist, and public provision not always in a mode that could be applied for all the residents. With the cut-down of the Swedish Welfare State, it is especially important to identify and investigate strategies for how the process from state employment to individual entrepreneurship can be promoted in Sweden. This means that, in the Swedish context, there is no clear borderline between societal transformation and integration of unemployed.

The approach used where the social economy is analysed as the third economic system is outlined in section 2. Then in section 3 and 4 this theoretical approach is connected to the new interpretation of the Swedish model; the new organisation of matters of general interest and the changed framework for macro-economic policies, respectively. The role of unpaid work, support structures and new co-operatives in the supply of welfare services in Sweden is discussed in section 5 to 7. Finally, section 8 concludes the article.

2. The development of the third economic system: the social economy

In the following, in order to highlight the changing nature of organisations within the social economy this is understood as the third system rather than the third sector and thus reflects the internal movement from or towards the social economy. These movements are closely linked to the economic, political or social environment at a given time, which obliges or allows the organisations to adopt a specific form of behaviour. By relating in terms of economic systems rather than economic sectors, the way of functioning is emphasised rather than the organisations as such. This allows a focus on the dynamics at work inside existing enterprises, as they might be moving away or towards the sphere of the social economy.¹

It has been argued that the social economy should reflect collective initiatives based on solidarity and autonomy (Vivet and Thiry 2001). With such a perspective, the general interest is gradually generated by many more or less centralised or decentralised initiatives and experiments on the basis of the benefits and disadvantages of the public, private and social economy solutions involved. The idea of complementarity then overrides the idea of the possible substitution. The common goal is important in the effort of combining different solutions, where the best in the functioning of the different sectors is utilised.

If, however, the general interest is defined as activities where the group which controls the organisation can be distinguished from the group which benefits from this activity (Monnier and Thiry 1997), this means that there can be a contradiction between the general interest and activities for which users take economic decisions. In effect, there are two different kinds of organisations involved here. In some cases, decisions in non-governmental organisations that perform voluntary work who are in the general interest are taken centrally. On the other hand,

¹ See further Sätre Åhländer (2001a), section 3 for a more thorough analysis.

activities performed to satisfy the demands of members do not necessarily contribute to fulfil social aims. Therefore, it is important to distinguish between the aim of activities on the one hand and the nature of economic decision-making on the other.

In the present context, the economic system is defined according to how economic decisions are taken. From a macro-economic perspective social economy might, in broad terms, be defined as the user-oriented third economic system beside the centrally managed planned economy and the market economy, where supply is determined by demand. Most important for how the economic system works is where the economic decisions are taken. In the theoretical model for the planned economy the State decides what and how much is to be produced, as well as by whom. In the perfect market economy, these decisions are taken at the market. The social economy would according to this perspective comprise activities for which users take economic decisions.

In order to distinguish the third system the analysis can be related to Kornai (1980) who examined how the socialist economy operated on the basis of the functioning of the economic system. His analysis is based on the fact that the characteristic of an economic system would be the constraint hit most often by the production of the enterprise. While in capitalist economies this is the demand constraint, Kornai observes that in the traditional socialist economy (the centrally planned economy/ an economy where resources are allocated by bureaucracies), it is usually the supply constraint that is binding. In a supply constrained economy a lack of inputs will begin to limit production before the demand for the products of the enterprise has been exhausted. This refers to a market situation where buyers are looking for sellers, while the latter rarely experience any difficulty in selling what they can produce. It is the physical resources, the physical constraint that restricts further development. Consequently, in the capitalist market economy it is the demand constraint that is binding. The corresponding market situation would be characterised by sellers looking for buyers, where buyers usually can buy what they want given their available monetary resources. In this case, it is the capital in the form of budgetary resources that puts a limit to development. Analogously, in the third system it is either demand or supply that inhibits production because of a lack of reciprocity, that is a lack of social networks between people, organisations and society as a whole on the horizontal level. Too little social capital, in the form of social networks, would provide a constraint on production.

The focus in the present chapter is on when the users take economic decisions concerning activities of general interest. Both the market and bureaucracy are institutional forms, which eliminate direct interaction among human beings. On the contrary, it is the mutuality or close connection between producers and users that is the critical factors for activities carried out in the social economy. In the social economy, it is the lack of direct relation between the service provider and the end user that inhibits production. In effect, this means that there is a human constraint and that it is the lack of social capital that puts a limit development. This gives the activity a strong territorial characteristic, while it is not likely to cause effects that could destabilise international exchange, as well as a high propensity to create jobs at the local level. The user-oriented economy, which is based on client-oriented

consumer relations, implies a focus on individual services rather than mass consumption. In effect, the development of the social economy implies that the entire economy becomes in many respects a service economy where competition centres as much on quality as on price.

In line with the analysis above the development of the social economy is promoted by an increased amount of social capital. According to Putnam (1993), social capital is created by processes at the local level. Others, however, connect the creation of social capital with trust in authorities. Applied to the Swedish context, the increased amount of new co-operatives and local development groups in the 1990s implies economic development based on the creation of new firms, what is called a new form of network based capitalism. In the third system, development is primarily achieved through the formation of new organisations, rather than by expansion of existing ones. This way of expansion favours reliance on local resources and local networking and it refers to a process that affects and reshapes old patterns. It explains the development of the social economy as a result of citizen mobilisation. But the development of the social economy is also the result of a state enacted policy to meet new challenges. It might be argued that the change in macro-economic policy towards an increased emphasis on local partnerships, implying decentralisation and privatisation, has opened up the possibility for citizen mobilisation and participation in new forms of service provision by organisations that are partly financed by public subsidies, that rely partly on market and voluntary resources and that are controlled by the main stakeholders, the users. Below we try to show how the encounter of private and public interests opens up for a new conception of general interest when it comes to job creation, local development of the provision of services. The new economic policy implemented in the 1990s, partly due to the influence of the European policy, has contributed to unbind the constraint on social capital and created the conditions for the development of reciprocity based organisations.

From a macro-economic perspective the focus on the dynamic process enables the analysis of how society is changing and what role the social economy has in the process of change. This also means that the question of whether organisations belong to the social economy should depend on the national context, their internal functioning and relations between the organisations and users, rather than on the scale of public functioning. The question as to when and why users would take economic decisions of general interest in Sweden has to be connected to the new interpretation of the Swedish model. There are two main aspects to be dealt with here: the new organisation of the Welfare State, that is a different way to organise matters of general interest, and the changed framework for macro-economic policies.

3. Public welfare production in Sweden – challenges for the Nordic model in the 1990s

The concept of social economy is thus no clear-cut concept, and used in accordance with the national systems in question. Instead, the EU directives in this field, has been featured in terms of practical implementation and guide-lines, roughly corresponding to the varying interpretation of its member countries. Four models for social economy can be distinguished according to the final report by Fondazione Cesar:

1. The continental model, which is characterised by public production, but historically seen through large social organisations. For example, the seven big German non-profit organisations can be mentioned here, which are responsible for a service supply with public financing.
2. The Mediterranean model which is characterised by a welfare which is not completed yet. Within some countries, part of public service production is lacking, and within other areas, this has been integrated with a private supply of services.
3. The Anglo-Saxon model where a mainly public supply and public control is supplemented by an important social sector.
4. The Scandinavian model where the public sector is responsible for the main part of social service, but where new potential actors within the third and semi-public sector have been emerging lately.

Much of the differences between these models is to be found in the historical functions of the social systems within the above mentioned countries. The continental model is influenced by the early Bismarckian thought, where a system of social insurance could cover the citizens from loss of income and social misery. About the same time, Bentham and Mill coins their maxime of the greatest happiness of the greatest number, in Great Britain. Politically, Bismarck belongs to the Conservatives, whereas Bentham and Mill are to be seen as the founding fathers of modern liberalism. A more radical view, the so-called Manchester liberalism, can be seen as the forerunner of social democracy, besides Marxian influence.

Today, the continental welfare approach can be linked to the Mediterranean model in the common concept of general interest as a synonym for welfare, and the satisfaction of needs that derive from that general interest. General interest and the view of common good can certainly best be characterised by the Anglo-Saxon model of satisfaction of needs and welfare production. Here the Nordic interpretation comes quite close, and on this latitude, the concept of solidarity in connection with general interest is predominantly coherent.

Swedish social policy has a clear division of labour between state central bodies and local political bodies. The first-mentioned has the primary responsibility for transfers and levelling out of income, e.g. pensions, children's allowances, compensation for illness or unemployment. The last-mentioned, i.e. local communities and county councils, have the primary responsibility for direct services for child-care, schools, medical and elderly care, and the like. In a

traditional sense, the local organs have had responsibility for both production and financing those services. There is however, not a clear-cut distinction between those actors, as for example the State is responsible for higher education, especially tertiary, and to some extent, even social allowances.

Söderström et al. are critical to these public producers of social welfare, as these should at least be reconsidered as producers of social services within the field of health care, schools and child- and -elderly care, and compared to other producers. Other tasks are more evident for local community and county council production and responsibility, like societal protection, planning and communications. But the main responsibility within the public sector for childcare, schools, medical and elderly care, which amount to about 75% of the total budget for municipalities and county councils. Furthermore, this comprises every fifth Swedish job. (Söderström et al., 1999, 26).

This includes the analyses of the development of the Swedish Welfare State, the structural changes in present times of cut-downs of the public sector, where the social economy is expanding. The vulnerability of the so-called Swedish welfare model became obvious during the crisis of the 1990s. Queues in medical care, and cuts-down in education and social services, coincided with economic recession, which led to decreases in public spending on the municipal and county council level. State budget deficits in a magnitude hardly seen before, were covering up the problems for a while, but as the state budget rationalisation went on, this had consequences on regional and local levels. There seemed to be no other alternative. During the 1990s the cuts in state subvention to the local level, has also had economic impact on the regional level, raising the gap between prosperous and less well-off regions.

As a remedy for the economic crisis in the public sector during the recession of the early 1990s, alternative forms of operation were created. Mainly it has been a question of so-called promotion of competition, where companies², foundations, co-operatives and the like, have been invited to take responsibility for a certain time span and for tasks actually consigned, and partly also financed by municipalities and county councils. There have been profound changes within the public sector, in order to test alternative modes of production. But above all, for the main problems, increasing competition in the form of tenders for companies, foundations and co-operatives to take part in, has been seen as a clear solution. Basically, the issue has been more of result orientation and internal competition. The economic advantages have proven substantial, as a newly published study by the Association of Local Communities reveals. There are various ways and modes in the public sector changes over time. So far, a clear privatisation seems to be the exception or just marginal. Basically, it seems to be transition from public to private production with retained public financing. (Svenska Kommunförbundet, 1999)³.

² These companies could theoretically be either public, private, semi-public or co-operative.

³ An interesting feature is the fact that municipal companies are counted as alternative producers. In 1997, there were 1471 municipally owned companies, but only about 125 in the so-called soft sectors like schools, care, culture and leisure. These companies are, according to Söderström et al. to be considered as less successful examples of "mixed economy". Söderström 1999, 28.

Broadly speaking, in the transformation of the Swedish Welfare State the importance of the social economy in providing social services might thus increase for two reasons. Firstly, there is a substantial amount of "needs", which are no longer provided for by the public sector, and which are not automatically "taken over" by a private sector. This means that individuals will have to find other ways to satisfy important needs. The initiatives will come from below, from individuals who are affected. An important point of departure for such initiatives is also that the individuals do not expect the State to solve the problems. It can also be needs which are not met due to a too weak market economy in certain areas; branches or localities and where the public sector has a low profile. These needs can be of different kinds, the need for goods or services, a need to achieve an increased influence locally, at the specific work place or increased influence by users. Secondly, the development of organisations within the social economy is accelerated by the circumstances that the discontent with state solutions increases as the public sector is cut down. The activities performed by the state sector might also have become expensive due to a growing bureaucracy in its administration.

The Swedish membership in the European Union and the change of central regional policies have altered the focus for both welfare production and state responsibility through levelling out policies on the regional level. The change from regional growth agreements into regional growth programmes is a profound change of actors' perspective, much in the same way as regional enlargement into more dynamic labour market regions. This paves way for more flexible solutions and the co-action of the three sectors in provision of welfare services, though mainly the public and the third sector co-operation, as the private producers are still scarce in number, and mainly exist in the metropolitan areas in Sweden.

4. Partnership as a macro-economic tool for developing welfare services

The shift from agricultural and industrial production towards services reflects an evolution in general terms. But in a knowledge-based economy, there would also be a shift from services that can be standardised towards relational services. While the former permits the production of services on a large scale within the public sector, the latter is oriented towards the individual demands or needs. An increased orientation towards the user would make it appropriate for production within the social economy.

In the European Union, the effectiveness of local strategies to combat problems of unemployment has caught increased attention in recent years. New strategies based on local initiatives require, however, that traditional hierarchies be replaced by horizontally organised institutions. Without engaging in the conceptual question of the meaning and connotation of social economy, or its special characteristic in Sweden at this point, we could merely comprise it to three typical functions implying the borderline between the public and the third sector. These functions are: a) what is the purpose of the activity, b) which is its form and c) what values are connected with the activity?

The kind of co-operation labelled *partnership* is increasingly used by policy makers as a way of involving policy users in the formation and implementation of policy at the local level. Co-operation between the public sector, private actors and the social economy provides, for example, an alternative to privatisation when activities that have been built up by public means need to be cut-down or sold out to private actors for financial reasons. Development of local partnerships has been promoted in various places in Europe. In particular, the possibilities of the social economy became concrete through partnership. The aim here is therefore also to highlight how, when and in what way partnerships between the public sector and the social economy actually can provide a tool for development.

While large-scale national or international enterprises are unable to keep their positions in terms of employment creation, returns to investments in the public sector are low and subsidies for the use of labour have been inefficient (OECD, 1998). As economies open up macroeconomic policies and universally applicable solutions do not create jobs in the old way. Long-term unemployment has grown and new jobs are often temporary, part-time or limited as to their duration. At the same time global competition diminishes the effect of micro-economic regulations. The productivity of work is growing fast and the rapid changes in society are introducing economic processes to a level where it is hard for traditional national institutions to operate (Rifkin, 1995). An increased demand for flexibility implies that work more often becomes project based, implying that permanent wage work is the privilege of fewer and fewer employees. The institutional rigidities of private hierarchies as embodied by large firms as well as public hierarchies based on economic rationality and regulatory control, have not been able to take advantage of the potential for flexibility and integration provided by the new information technologies. When more and more people are left outside the ordinary labour market and society demands new types of solutions, innovative ideas and alternative forms to organise work are required. In Sweden, between the late 1950s and the early 1980s, the public sector gradually became bigger and bigger finally facing a situation where it was difficult to expand further. In times of recessions expenditures was used to create employment and thereby moving unemployed labour from the private to the public sector. One problem was that when business booms occurred there was no opposite flow. Labour did not go from the public to the private sector to the same extent. The financial crisis in the early 1990s contributed to increase demand for structural changes and cut-downs of the public sector. These cut-downs also imply that flexibility with respect to public services provided by the public sector diminishes. In any case, the multiplier effect of public expenditure is less than it used to be. This also implies that it is difficult to find general "rules" for macro-economic policies.

Thus, as the possibilities of economic policy decreases, either there has to be some revision in the goals for economic policy, or new means have to be invented. One could also describe the situation as a failure of the traditional institutions or as a need of re-thinking when there are cut-downs of employment in both the private and the public sector. The new approach based on local strategies place the emphasis on non-market interdependence. This interdependence exists or can be created between individuals and organisations, between firms in the same sector,

between firms and their environment. In this process of change the social capital becomes increasingly important, that is, it is not only physical assets and individual capacity that are important, but also social, informal networks of various kinds (Putnam, 1993).⁴

The institutions of today are too ineffective as it takes much time to agree on how to approach problems. The partnerships demonstrate that irrespective of geographical location there are limits to competition and that there is a need for co-operation. The importance of partnerships will vary between regions and countries. It is likely to increase in importance and characterise the new "spirit of capitalism", a form of capitalism that is project based. It might be argued that Europe is facing a future with more competition between the regions within a country and between regions of the European Union (OECD, 1998). With the membership of the European Union, the central regional policy has been exchanged by a regional policy based on local strategies for development also in Sweden. Gradually this is changing the expectations of regional economic policy as well. Rather than "sitting and waiting" for the authorities to come up with solutions such as moving work places from the centre to towns in rural areas job creation demands for and relies on participation at the local level.

The regions that are able to transform according to the new demands of a changing society will succeed in the future (Rifkin, 1995). The changes imply at least two kinds of developments that enforce the need for collective solutions based on individual needs. Firstly, the increased number of people facing problems to gain a position on the labour market calls for measures of integration, but not only in the form of social co-operatives. In rural areas, village co-operatives might be appropriate especially if combined with co-operatives of micro-firms and services. Secondly, the demographic situation with an ageing population is likely to imply a shortage of labour in some sectors. An increasing number of pensioners implies a growing pressure on the public sectors and it accentuates the need for other solutions where the co-operative is one possibility. In 1997, in order to increase awareness and knowledge about new co-operatives as a complement to other legal forms of enterprises, a national information campaign "Start a business together" was initiated. The most recent employment programme also encourages individual entrepreneurship and local initiatives.

While employment in the private and public sectors in the European Union in the 1990s has decreased, employment within the social economy seems to increase (Westlund and Westerdahl, 1996). This means that there is also a growing interest in the development of this system shown by governing authorities. There is a risk that the potentials of the social economy are used as an argument for cutting down the public sector. Another question concerns the issue whether solutions within the framework of the social economy should be regarded as temporary solutions or not.

One reason to the development of co-operative ideas in the past was that it could contribute to a more equal distribution of income. This has in more recent times also been interpreted into regional terms. In particular, cut-downs of public

⁴ Social capital is defined according to the features of social life, it is the networks, norms, and trust that enable participants to act together more effectively to pursue shared objectives (Putnam 1995, pp. 664-5).

interventions and redistribution between regions might motivate the development of the social economy in certain regions. Another factor, which is highlighted in CIRIEC (2000), is the ability of the social economy to reconcile various goals and contribute to the simultaneous pursuit of several objectives of general interest, in particular that of local development and territorial autonomy in a global environment. In Sweden, a work group at the ministerial level has prepared some changes that would allow for the implementation of new approaches in this field. The development of the social economy in Sweden demands some adjustment of and/or new roles for established state institutions. There is also a risk of unclear public sector commitments, which can imply management problems, and unclear distribution of responsibility. It might be argued that the political administrative framework, tradition and culture is not adjusted to the work forms of the social economy (see further Sätre Åhländer, 2001b).

Some research from Sweden, for instance, indicates that firms who locate in a region have problems if they do not have good relations with other actors in the particular region (Berggren et al., 1998). This suggests that there would be a positive relation between the regional attachment of firms and regional development. In effect this highlights the importance of social capital for regional development based on local policies. It also highlights the need for economic policies focused on the development of local partnerships. In particular, it shows that it might be difficult to influence local development by means of subsidies to firms who set up businesses in rural areas. These examples also show, however, that the existence of social capital might actually prevent the development of businesses that operate on the global market, which are capable of adapting to changes in the macro-economic sphere at the national or international level. As the environment changes and asks for new solutions, the productive social capital might become non-productive if norms, values and knowledge of previous years dominate it. In such an environment, newcomers and entrepreneurs might have difficulties to develop entrepreneurial activities and survive. Some prosperous industrial regions, for example, have been unable to change as society changes.

5. Unpaid work as a complement to paid work

Research has showed that the size of the Swedish non-profit sector is of considerable importance, both with respect to the amount of work and in money terms. In 1992 about 2.5 million people were engaged in unpaid work or work for impersonal gain within these organisations which correspond to 300 000 full time times jobs (Lundström and Wijkström, 1997). There are about 3 500 local development groups in the countryside with some 70 000 active people engaged in local development work (Herlitz, 1998). Unpaid work is important in job creation processes as well, where the aim is to achieve profitability. But what is the relation between unpaid work and paid work? Is unpaid work a necessary complement to paid work in local development?

Important characteristics of new organisations within the social economy in Sweden are a strong emphasis on self-reliance and mutuality. New organisations commonly adopt the co-operative form and generally avoid any connotations of

charity. This means that charity elements are rare. Voluntary work has rather been viewed as a dimension of participation (see further Wijkström, 1997). In Sweden most of the activities in the social economy is about production of services. There are relatively few organisations engaged in actual production of goods. The cut-down of public institutions means that activities in rural areas are either closed down or moved to other areas. As the amount of jobs in the public sector diminishes, tax payments decrease with corresponding decreases in public services. Sparsely populated areas are particularly vulnerable as, by tradition, a large part of the employed work in the public sector and each job that disappears is of a relatively higher importance when population is low.

Maintaining people in villages

In the late 1980s, national rural campaigns helped to mobilise against an increasingly bad situation in the sparsely populated areas in Sweden. "All of Sweden shall live" became a campaign slogan at this time. In 1989, after the campaign, a number of national organisations formed The Popular Movements Council for Rural Development. The popular movement is by tradition an important part of the Swedish social economy. The activities are organised in associations, which are detached from the public sector. These organisations, which are based on individual membership, have primarily been engaged in the fields of culture, leisure, adult education and interest representation. In later years, village movements have received an increased attention due to their often innovative approaches to development. Social services have been relatively uncommon, but the crisis and transformation of the Swedish welfare model from the 1980s onward facilitated a renewed supply of services, within child-care, care of the aged and care for people with disabilities. There are Swedish examples of entrepreneurship in rural areas, which could well be transferred to other sparsely populated areas (See further Sätre Åhländer, 2001a).

One important issue for the Popular Movements Council has been to support local development groups and local influence in decision-making processes. Another important task has been to improve communication between local groups. In 2001 the Council has manifested a Political Programme for Rural Areas in Sweden (Forsberg 2001). Forsberg's study highlights how unpaid work is related to paid work in local development. Her study indicates that unpaid work is necessary as a complement to paid work especially in order to start up processes of local development. It is possible to distinguish a pattern of job creation where people go together to secure the supply of social services or create local activities. As members of local development groups, they become unpaid workers and the unpaid work might result in employment opportunities for them and /or for others. In effect, this means that the younger village movement is quite different from the older and more traditional popular movements in Sweden, formed in the beginning of the 20th century.

The emphasis on maintaining work opportunities has in some cases implied that local development groups have taken over the organisation of services, care and

education from the community.⁵ The driving force appear to involve keeping the community alive and prosperous by activities directed towards creating work opportunities, service, education, housing, culture- and leisure activities.⁶ Thus the importance of participation of users in local development is emphasised, which means that users have to be involved in economic decision-making and in the job creation processes. Three types of interrelationships where economic activities and social links are intertwined in development processes might be distinguished. Firstly, as described above, voluntary work might lead to economic activities. Secondly, there are economic activities within the framework of social links, such as in the case of the village co-operative. Thirdly, economic activities create social links. Special services to people create social links that might lead to other activities.

The way of solving problems of ineffective economic policies by simply "hoping" for initiatives at the local level seems to be an easy way out, especially if this relies on unpaid work. One important question is to what extent public policies towards co-operatives and non-profit associations provide help or hindrance. There are many examples of how local initiatives have been hindered by authorities (Lithander, 2001). But, at least in Jämtland municipalities in some communities seem to have become more helpful as they have had good experiences of collaborating with local groups. Another important support factor is specific individuals at authority level, supporting local ideas and projects. One interesting observation is that local groups seem to get more support from the local authorities at municipality level, than from the regional level (Forsberg, 2001). The fact that on a more abstract level "enthusiasm", "a will to collaborate" and "a bottom up approach" at the local level is perceived of as important supportive factors in Forsberg's research supports the impression that unpaid work is important in local development. Nevertheless there is an expressed need for paid work to be able to manage activities and projects, which shows that activities that rely on voluntary work is particularly vulnerable.

6. The new co-operatives and welfare services

In previous times co-operatives united groups with weak positions in society who shared common goals as workers or consumers. In such a perspective it seems natural that some interest groups and policy makers focus on how to strengthen the sector as such, thereby increasing employment in an indirect way. Institutionalisation might however have negative impacts on flexibility and the possibility to find temporary solutions within the social economy. While traditional co-operatives have been contracting due to an increasing degree of competition, new co-operatives due to their small scale seem to face a more positive development.

While the stronger private sector in urban areas might stimulate competition rather than co-operation, networking among firms seem to be important in localities

where the private sector is weak. Although cut-downs in the public sector takes place in rural as well as urban areas, in relative terms rural areas are likely to be more affected as they might imply that the market for private actors are relatively more affected as well. But does the increased emphasis on local development also imply more voluntary work as the focus is shifting from employment as such towards local development and the provision of social services? If this is the case, it means a substitution of unpaid work for paid work.

Support structures

In Sweden there is state support for giving advice to co-operatives in the form of a special national agency for rural development and a national co-operative council. The tax laws are in some respect adjusted to non-profit associations with social aims (Kulturdepartementet, 1999, 72). The creation of a system for development of co-operatives was started in the mid-1980s. The idea was to build up a system for supporting the establishments of co-operatives as forms of entrepreneurship, similar to the support structures that have been created for the promotion of private firms in general. Since then the local development agencies increased in number depending on different regional needs and other circumstances. In 1988 there were 10 such agencies and in 1999 the corresponding number was 24. In recent years local development agencies in Sweden have been creating some 300 new co-operatives per year (Höckertin, 2001).⁷ Each agency is run as an independent, legal unit (most often in the form of economic associations but in some cases also as non-profit association or foundation) and all in all 800 members are involved in the organisations. The work is financed by governmental subsidies, which is a compensation for the free counselling, but there are also complimentary sources of finance in the form of member fees, project grants and support from the local municipality. Economic resources from the European Union are also often part of the financing.

The overall activities consists mainly of giving free support to those who are interested in starting new co-operatives and this also includes consultant support on how to run an economic association. The daily work also includes the spreading of the ideas and knowledge of the co-operative as an organisation as there seems to be a lack of knowledge of the economic association as a legal form. Such work is also believed to influence organisations, banks, and other institutions that support the set-up of new businesses. In 1994, an umbrella organisation for the local development agencies was set up. Common projects are run there and it also provides a platform for co-ordinated information and education activities. The tasks also include separating good entrepreneurial ideas from bad ones, advising and constructing realistic budgets for new co-operatives and also presenting proposals on work organisation and management issues.

⁵ These observations were made by Forsberg (2001) on the basis of a questionnaire study which included 155 local development groups (mostly rural) in Sweden during the period of 1995-1999.

⁶ See further Forsberg (2001), for a more thorough analysis on the driving force of local groups.

⁷ The local development agencies in Sweden have been associated with developing 1300 jobs in 1992 at a cost of SEK 11,000 per job, which might be compared with SEK 74,450 for the cost of a traditional job (Spear, 2000)

The new co-operative might be seen as a model for change as it provides a suitable framework for organising work in accordance with the changing demands of society. Similarly, while the new co-operative can provide a suitable framework for the start-up of businesses or local development, it might be appropriate to change to another juridical form at a later phase. This also implies attempts to link with the users and trying to increase flexibility of work, either in terms of more part-time work or by means of affiliating in certain activities, expand activities into new fields, new activities or new projects. Employment is increasing in smaller units, especially in services, which require less capital and more human commitment. This development is partly explained by the development of economic activity of associations and volunteer organisations.

Economic associations

In Sweden, there is no special law regulating the activities of co-operatives or non-profit associations, but there is a law for economic associations. An economic association can, however, in practice be seen as a co-operative, although not all co-operatives are economic associations.⁸ In effect the member of an economic association has to take, in some way part in its activities, which is also compatible with the principles of co-operatives. One reason to choose the non-profit association is possibly that it can be difficult for persons who draw unemployment benefits to participate on the board of an economic association at the same time. Although the Swedish regulations controlling this have become more liberal in recent years, participation on the board has been treated equal to paid work, which means that the right to uphold unemployment benefit is lost (Höckertin, 2001). The perceived freedom associated with the non-profit organisation can possibly explain why this association form has been chosen also in the case where the activities are economic in nature and where the legal form of economic association might have been more appropriate. In effect, this means that there is a large variety of non-profit associations in Sweden.

The activity of an economic association has to be economic in nature. It is characterised not only by the active participation of members, but also by the fact that formally practically no capital is required to start a business. Characteristic for the economic association is also the principle of "one member one vote" and that the association cannot be bought by already established firms, but has to be started by the members directly.

In Sweden, the number of economic associations has increased with 18 per cent between 1991 and 1999 (Höckertin, 2001). The number of employees in economic associations has, however, decreased with 32 per cent in the same period. This is partly explained by the fact that many formerly established co-operatives have changed their legal form and become stock companies, which means that they are no longer included in the statistics on economic associations. Another explanation

⁸ The purpose of an economic association is to promote economic interests among the members by economic activities in which the members participate as consumers, as deliverers, with their own work effort, by using the services of the associations, in other similar ways" (Grut, 1995). The economic associations are legally regulated in the law for economic associations (EFL).

is that the established co-operation, in line with common trends on the labour market in the 1990s, has cut down on employees.⁹

The most dominate branches are wholesale and retail trade, real estate and services of various kinds, including data consulting, recreation, social and medical care (Höckertin, 2001). Although most sectors show a decline in the number of employees, the health and medical care show an opposite trend. The structural changes of society and the cut-down of the Welfare State is reflected in the fact that between 1993 and 1999 the number of employees increased in economic associations by 147 per cent within health and medical care (Höckertin, 2001). It is not, however, clear to what extent this increase corresponds to actual cut-downs in jobs in the public sector. What is interesting to note is also that 55 per cent of the associations established since 1984 which were still active by the end of 1999 had no employees at all (Höckertin, 2001). It seems reasonable to assume that one reason is a considerable amount of work done by volunteers. Village co-operatives and co-operatives of micro-firms might nevertheless contribute to the creation of work places if they help individual entrepreneurs to get businesses started and as they might facilitate the survival of the already existing. This also means that although officially only about 0.3 per cent of the total number of employees in Sweden is found within economic associations, this does not imply that their effect on employment is negligible. In general terms, sparsely populated regions have larger shares of employed persons in co-operatives than the more densely populated ones.

In 1997, 87 per cent of firms within the social economy had less than five employees (Höckertin, 2001). The number of firms has decreased substantially in agriculture and forestry as well as in trade, which is well in line with the general structural changes in society. In previous times, co-operatives were formed in these sectors as small producers grouped together in order to keep independence and secure jobs. With rationalisation, industrial development and a change towards large-scale production these co-operatives became fewer and bigger. Commercial activities have changed to other legal forms within these sectors, which by tradition have been co-operatives. It might be noted that the number of organisations has actually increased in Stockholm and Gothenburg which are the largest cities in Sweden, while they have decreased in number in those parts of Sweden where agriculture and forestry are relatively strong. The shift from agricultural and industrial production towards services reflects this change in general terms. But in a knowledge-based economy, there is also a shift from services that can be standardised towards relational services. While the former permits the production of services on a large scale within the public sector, the latter is oriented towards the individual demands or needs. Thus, the motives for choosing the co-operative model seem to have been changing over the years.

⁹ The number of employees within wholesale and retail trade has decreased with 22 per cent between 1993 and 1999 (Höckertin, 2001).

Village co-operatives

The co-operative might provide a model for rural development. One example is the community based co-operative "Byssbon", which is owned by the inhabitants of three small villages. The members of the village co-operative want to be able to stay in their villages. Most of the inhabitants of the villages are members in the village co-operative, which was formed to secure common needs of keeping the village shop, keeping the school, organise child care, build new houses in order to enable people to move into the village, some of which are "returners". In some respects, the village co-operative has taken over tasks of the community, which normally is taken care of within the public sector, but they have also organised new market-based activities.

A second example from Jämtland is the Huså village community founded in 1993. 13 different organisations have been started around this village co-operative, connected to, for example, a theatre project, the mansion, childcare, local tourism (ski lift and a restaurant), restoration of an old ship and alternative housing for young people. A third example of a village co-operative is "Tullingsås". The motives behind the co-operative are to enable people to support themselves in the area by creating job opportunities in social services as well as promoting small scaled enterprising. It runs a hostel, a café and some recreational activities, and it owns apartments for elderly. The co-operative, which was started in 1994, had a few years later 65 members and three employees. To sum up, the rural co-operatives in Jämtland are all examples of how the formation of some co-operative sets the stage for rural development in an area where the public sector is contracting and where there are no big private enterprises. It might be a co-operative of micro firms, a village co-operative, a workers co-operative, or a child care co-operative. What co-operatives have in common is that where people with the aim of staying in the rural area come together and collaborate this has started processes of development.

Welfare services and social co-operatives

When the public sector has to cut down on costs, this does not necessarily imply that new solutions to organise the activity are considered. On the contrary experience from Sweden, for example, shows that the Welfare State cuts down on costs in activities which it has to take responsibility for, cuts which often imply a cut-down of quality. That is, rather than improving efficiency of the activity by means of a change in its organisation or by saving on bureaucracy quality is sacrificed. But there are also examples of how the social economy has developed to meet various needs that are not otherwise met, or to create employment. In Sweden co-operatives in the sector of work creation and insertion of socially excluded is developing (Bartilson et al., 2000). There are co-operatives that provide educational services for unemployed. Employees form workers co-operatives in order to save public sector activities from being cut down, thereby securing their own jobs. The members of the health care centre "Akka" find that

the quality of services is better after moving to a co-operative model of work/enterprise (Danieli et al., 1998).

While the health care co-operative might provide a model for how to transfer activities from the public sector to the co-operative sector or the social economy, the social co-operatives provide models of how to transfer people who are for various reasons outside the labour market to paid work within the social economy. Some of the Swedish co-operatives might be seen as models for preventing an increase in female unemployment or models for keeping employment figures for women up. Various social activities are built up within the framework of co-operatives. Rather than taking responsibility to satisfy needs on a personal basis by voluntary, non-paid work, it is organised in co-operatives and transferred to paid work.

In real life there are many examples from rural areas in Jämtland of how the co-operative provides a suitable framework for influencing the work organisation as well as providing services in villages thereby facilitating the survival of these. One example is "Brismarksgården", a staff-managed co-operative nursing home with rooms for 15 elderly people (Lithander, 2001). The four initiators who previously worked in the care sector had felt discontent with their work within the community care sector. Influenced by the neighbouring village Lövvik, which was the first old-age co-operative in Sweden, they decided to try to start a co-operative nursing home. After a long and difficult struggle with many political turns, the nursing home "Brismarksgården" was ready for its first tenants in April 1997. The goal of the organisation was to create a nice place for elderly people, job opportunities in the area and, in the long run, to attract new inhabitants to the village. In 1998, they had 16 employees but altogether they had about 50 people on the payroll.

The Offerdal public health centre is an independent staff owned co-operative with twelve partners: one cleaner, two staff nurses, four district nurses, two consultation nurses, two medical secretaries and two doctors. All employees have a permanent appointment and are equal partners of the co-operative. It was also one of the first associations applying co-operative ideas in the work organisation.

The social co-operatives are also interesting examples of targeted recruitment. These can be used as models for handicapped, youth, drug-abusers, or women who have problems to find suitable employment on the ordinary labour market. The co-operative can provide an appropriate alternative for any group of people with common interests as in the old times, that is within special branches, certain skills etc., to create their own jobs and organise work in accordance with their specific needs. "Skofore", a co-operative for psychically handicapped 100 kilometres north of Östersund, which started in 1986, was probably the first social co-operative in Sweden. Since policies changed from putting criminals, drug abusers, psychically retarded and other "outsiders" into closed institutions towards helping them to get into work training social co-operatives of various kinds have been created.

Some co-operatives provide child-care for the workers at the co-operative and/or frameworks for special arrangements with respect to working time for employees with children. One example is "Sjöelefanten" which provides child care 24 hours a day to be compatible with the special working hours of employees on "Stena Line"- a passenger ferry between Sweden and England. "Kalabaliken", which is

another child care co-operative is an example of how flexibility increases for single parents, as the running of the co-operative is organised by themselves with respect to their particular situation. Parents also collaborate when the day-care centre is closed.

7. A model for change?

The new co-operative provides a suitable framework for organising work in accordance with the changing demands of society. While co-operatives used to develop to increase the power of workers or consumers, in recent times in Sweden they develop either to enable the survival of regions who have difficulties to develop due to a too weak market economy or as an answer to cut-downs of the Swedish Welfare State. The co-operative provides a model for the supply of social services and job creation or for keeping up employment rates when the public sector is on the decline. It might further provide long-term unemployed with an opportunity to re-enter the labour force. In particular the co-operative might provide employment for youth, disabled or others who have problems to find a job on the ordinary labour market.

Some kind of collaboration/partnership seems to be needed for village co-operatives or any local development group to be able to "create" or "uphold" work opportunities. In the Swedish context, workers co-operatives show how the successful work of existing members continually implies the creation of new jobs. The Swedish new co-operatives show how men and women can create their own jobs in rural areas. Co-operatives provide socially or geographically excluded with new possibilities to enter the labour market and thus for instance, imply that individuals who become members of co-operatives and get into the process of performing unpaid work, gradually evolve towards paid work. Employees form workers co-operatives in order to save private businesses from bankruptcy, thereby securing their own jobs. In transition of society, the social economy might have a considerable gap to fill, especially in regions or sectors where the private sector is relatively undeveloped.

In Sweden, some percentage of income goes to various funds that are earmarked and can be used quite strictly for special purposes only. Payments into the pension fund are used for pensions, payments into the unemployment fund is used for unemployment benefits, payments to the trade union are used for wages to workers on strike, etc. This rigid system needs to be revised to be compatible with the demands of the new society. Institutional rigidities, however, makes it risky to leave a stable employment situation and become your own employer, while it is also difficult to go from unemployment to employment. The compensations to individuals are of two different kinds, compensation from the health insurance and social security systems on the one hand, and from labour market funds on the other. One problem with the Swedish system is that it does not encourage the process from allowance to salary. There is no easy and safe solution from the individual perspective as to how allowances can be transformed into salary from an individual activity. The way compensation rules are worked out there is no incentive for the individual to increase the part of income that comes from salary.

This is especially evident in the case of social co-operatives. Another problem relates to the circumstances when an individual, who receives some income from participating in a project within the framework of the social economy, needs some allowance, but lose this if he or she continues to take part in the project. Broadly speaking, there are problems of applying the Swedish social security system in terms of unemployment insurance, health insurance early retirement and social allowances for those who are engaged in activities within the social economy. One possible effect is that people are prevented from starting a co-operative as a person who, for instance, has a minor engagement in a co-operative might lose the entitlement to obtain any unemployment benefit. In particular, inflexible insurance systems might prevent people from changing ways of earning incomes and prevent them from looking for ways to combine different sources of income.

If the substitution between the public sector and the social economy is the result of an active policy decision of reforming the economic system, taken at the central level, it could be a matter of different types of decisions. The need to cut down on the welfare system for budgetary reasons might simply imply that the public sector throw out certain activities that they used to take care of. Then it is up to those who are concerned to find ways to fill up the possible gap. If, however, a public authority is responsible for providing the social service, it can perhaps hire somebody else who is able to supply the service in question in a cheaper or better way. There are activities within the social economy that work as complements or alternatives to the public sector, but the political will at the local or regional level to support and develop the social economy varies. Public measures demand that the conditions under which the social economy develops are mapped and that its importance for society as a whole is made evident. The obstacles for development as well as dependence on public finance need to be highlighted. It is possible that the social economy in order to meet local demands provides services as a result of local development, without any support from municipalities. In some cases, such development even takes place despite unwilling municipalities. In summary, in the new forms of governance, partnerships can stimulate and mobilise social forces that are growing and diversifying for the benefit of society as a whole.

The examples from Jämtland show how the formation of some co-operative sets the stage for rural development in an area where the public sector is contracting and where there are no big private enterprises. It might be a co-operative of micro firms, a village co-operative, a workers co-operative, or a child care co-operative. What these cases have in common is that where people with the aim of staying in the rural area come together and collaborate this has started processes of development, which have been attractive to women. These cases show that if the policy environment is supportive towards initiatives to start co-operatives in rural areas this might promote processes of development based on local initiatives. This model of rural development might be transferable to other sparsely populated areas. It might, however, also provide a suitable framework for local development in any less-developed areas, such as in urban areas with a low degree of activities and high unemployment rates. Micro-economic policies aimed at decreasing the effects of the market economy are becoming less effective as well as macro-economic policies, in the global economy. We have moved from a sector economy

with a regional policy built up around subsidies and support, which has showed to not work towards business development policy in a wider perspective.

It seems reasonable to assume that the social economy might have an important role to take over activities from the public sector, especially if they are of no commercial interest to the private sector. This might involve social services but also other matters. In particular, there is a need for new strategies, such as new forms of collaboration between the social economy and the public sector and or the private sector in the provision of services or creation of new jobs. Institutions are needed that can respond more quickly to changes in society. There are many examples of how the social economy provides a complement to the public or the private sector in the provision of services in Sweden. As the contribution of the social economy to the production of services is related to how co-operation between the public and private sectors at the local as well as on national and international level, the role of municipalities in development processes is particularly interesting. It has been argued that social enterprises represent the development of a new socially oriented entrepreneurship (EMES, 1999). This involves the setting up of new entities that can be considered as a subgroup of the third sector. It also refers to a process that affects and reshapes old patterns. In particular, it might be argued, the development of social enterprises reflects trends and movements within the social economy.

Public measures demand that the conditions under which the social economy develops are mapped and that its importance for society as a whole is made evident. The obstacles for development as well as dependence on public finance need to be highlighted. One important characteristic of the social economy is that it expands primarily through the formation of new organisations, rather than by expansion of existing ones. This way of expansion favours reliance on local resources and local networking.

According to CIRIEC (2000) there are two main developments with respect to employment in the social economy. Firstly, while the need to restructure the old co-operatives implies cuts in employment, employment is increasing in smaller units, especially in services requiring less capital and more human commitment. This development is partly explained by the development of economic activity of associations and volunteer organisations. Secondly, employment in the social economy is also characterised by an increasing number of women working in relational services. It is difficult for the social economy to compete with the private sector in terms of quality. New jobs are generally created as a result of a mixture of volunteers of assisted contracts and the support of municipalities. These jobs are often unstable and difficult to "professionalise". Thus, broadly speaking there are three categories of employment generation in the European context. The creation of new jobs or enterprises and growth of existing social economy organisations. Second the saving of jobs and thirdly the transformation or conversion of State Welfare provisions to provision by the social economy.

The concept of the Swedish welfare model was copied with considerable success in various parts of the world, not least in New Zealand, and by other States in various modes, even within the European Union. It was only in the late 80s that the question about preserving and developing the Welfare State that Sweden and many

other industrialised countries discovered that promises and outcomes could not match in a weakening world economy and a gradually stronger exposed position to globalising trends. During the phases of construction, the principles of the "folkhem" – the public sector involvement in shaping the well-being and level of living of millions of Nordic and other citizens world-wide.

At the same time, as shown above, other experiments in the public and private sector were also developed. Since the transition of the former socialist countries with almost total public control of the economy, after facing almost total bankruptcy and the almost simultaneous weakening of the market economies world-wide, new solutions are called for. Remedies were tried for the market economy, while serious alternatives to the collapsed socialist economies never have been elaborated. There were some efforts to alter the neo-liberalist market economy schemes, with some or minor results. The other way, the social liberal economy, with its roots in Mill and Bentham and welfare provision for the vast majority of the people, was declared in the tune of for example the Prime Minister of Great Britain and now lately also in German, where the roots of early welfare thinking and early Bismarckian legislation also very early gave way for a blossoming third sector, which was only forthcoming in countries like Italy, Spain, France and Portugal. This also has to do with political traditions of centralisation and decentralisation. The new co-operative movement that has been developed recently supersedes the effects of the 70s, and 80s with employee owned enterprises.¹⁰

Today, other structures are paving their way through out Europe and even in a global perspective. Similar social needs and regional problems might lead to similar solutions, in EU, in the Nordic countries and in the candidate members to EU among the former socialist countries. The example of the Milan region and Emilia-Romagna is getting followers in many parts of the world. Europe, which many economists have described as the sick, old man, is recovering and delivering examples of a totally new kind, namely the social economy movement, with interesting features of new co-operative firms and enterprises for people taking their future in their own hands.

The recent problem in Sweden seems to be the evaluation of complementary or substitutional relationships between the public, semi-public, third and private sector. It is not only a question of provisions and legislation, it is far more a problem for national statistics, where obviously only part of the non-profit and for-profit voluntary work is accounted for. A national Swedish group, consisting of representatives for the National Bureau of Statistics (SCB) is co-working with representatives for the third sector and researchers to elaborate the statistical production. The main aim is to find new modes of classification, where all activities within the third sector are truly measured, the scope limited (what is the area to be evaluated), which are the contributors, how large is the production of welfare services within the third sector. Every available piece of statistics evidently reveals that an underestimation of at least 30% is the case. Which classification scheme should be used, and which variables? How and to what

¹⁰ Cf. Marie-Louise von Bergmann-Winberg, 14.5.1998, Seminar on the "Social Third Sector in Market Economics. A Nordic-European Perspective", pp. 28. Fondazione Cesar. Östersund.

extent are these variables compatible with the corresponding variables e.g. in the European Union? Even the fiscal and legal situation of certain sectors of the social economy calls for clarification.

Many new bodies have to cope with problems in the start-up phase. The growth rate of the sector could be further improved by providing these bodies with advice on administration and management. Such advice should also cover easier access to sources of financing, national and Community programmes and the development of new technologies. The networking of social economy players could improve transnational partnerships. Likewise should the relations between public and social economy elements in those partnerships be clarified, thus opening up for totally new modes of co-operation.

Summing up, the total picture of the non-profit sector in Sweden has, according to Wijkström (1997) been biased by a narrow US perspective, where the longstanding Swedish, but more complex, civil society total work is neglected per definition. Wijkström (1997, 628) suggests two shifting paradigms, where only in a few Swedish studies has the non-profit or voluntary sector been viewed as mainly complementary to, or as a compensation for State Welfare services. The lack of a national (mainstream) non-profit sector research in Sweden, or even the sector's structural differences in comparison with many other countries, leads to a clear underestimation of the importance of the third sector in Sweden. Similarly, there seems to be a conceptual problem in the Finnish neighbour country, and their ambiguous relation to the question whether the third sector is strong or weak in international comparison. This is due to having the third sector in the shadow of a strong State, which might be misleading. A corresponding paradigm shift has taken place in Finland, where the earlier research was orientated towards the less material impacts and elements. Therefore, also the concepts were less exact and varying. The new paradigm initiates quantification of the sector, where the earlier approach always failed to count the voluntary work done, but did investigate the specific quality and role of the voluntary sector in more general terms. (Matthies, 2000, 209). Thus for the longitudinal research of the sector, considerable problems arise as for a comparison over time and scope, of which we are fully aware in the present study.

8. Conclusions

Historically, the Swedish – or Nordic Welfare State model – might be referred to as a phenomenon that lasted from the 1950s to the end of the century. Belief in Government helped the Nordic countries to accomplish political goals related to welfare and economics, though clouds are building up in the horizon as citizens have a growing unrest that the Government can no longer fully deliver the services requested or meet the expectations and needs of the Welfare State model.

A number of interrelated processes have substantially weakened the Nation State in making it less able to cope with the challenges posted by the market and political changes, nationally or globally. One might argue that the State is losing its grip, formal state authority is moved upwards to supranational powers or

downward to regions, where new modes of partnerships are paving their way on the political arena. Maskell finds that while regions to a certain degree can benefit from the vertical transfer of power from the Nation State, no such beneficial spill-over takes place as a result of the horizontal transfer of power to non-public market organisations. These power shifts are in no way restricted to the level of the nation, but can also be identified at the regional level. There is hardly a simple one-to-one correspondence between the weakening of the State and the strengthening of the regions (Maskell, 1999, 12). New players on the regional level, as for example within the new Partnerships, are emerging to complete the traditional picture of the strong Swedish public economy, where the lion share of its welfare production is taking place on the municipal level on the basis of universality, meaning that all citizens and residents are entitled to basic social security benefits and services, irrespective of their position in the labour markets. The notion of service state in Sweden is still persistent in the 21st century, but is being accomplished by totally new actors, where the public sector no longer can deliver the services according to citizens' need, or the upkeeping of the idea that "all of Sweden should live". Regional disparities seem to be growing, and as a result empower the sparsely populated regions. There seem to be just one alternative for the last mentioned, which is to turn to other solutions and actors. In this process, the rendering of social services is to a growing extent dependent on new economic actors within the semi-public, private and third sector. The third sector, which was a minor phenomenon until the 1970s seems to be the fastest growing in the beginning of the new century, and also the sector that comparatively speaking lost fewer jobs during the recession in the early 90s. Much of this is related to the shift of responsibilities from the public to the non-public, and primarily, third sector to meet the needs inherent in Welfare State expectations.

Here Sweden and the Nordic countries were in the specific position of having strong social networks, a longstanding tradition of social movements and capital. Obviously, this has historical roots in a sparsely populated country. Mann, however, warns us from believing that social economy in Sweden should be considered as a special form of activity recently adopted from continental models. It should not be considered a new method, or a social innovation like network or new co-operation for new activities that never before had this specific form. (Mann 1998, 148). Likewise, there is a warning from Wijkström, to encompass recently created jobs within the third sector as new, though they may just have shifted their ownership. (Wijkström, 1998, 64). Here the revision of national statistics and the results of the work of the mapping of social service sector may provide the answers. It is sufficient to notice that the Swedish welfare model for the 21st century is revised, and that new actors stemming from the popular movement, in new partnerships, are changing the picture and modes of production. It remains to be seen what the proportions between social services rendered within the public, semi-public, third and private sector are after the mapping and reformation of social statistics are finished.

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FORMS OF ORGANISATION

IN THE « SOCIAL ECONOMY » IN DENMARK

IN DYNAMICS WITH THE PUBLIC SECTOR –

NEW ORGANISATIONAL PATTERNS

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Introduction¹

When describing the *social economy* of a society at the level of organisations and statistics, one would normally include *co-operatives, mutual societies, associations and non-profit foundations*². In the case of Denmark, this classification is doubtful in two respects. First, including co-operatives among the organisations of the social economy will almost always be met with a questioning. In the general opinion at this time in history, co-operatives are basically big commercial enterprises within consumer goods, and agro-industry. They are not normally seen as a part of the organisational picture of present day third sector activities. The social side to co-operatives does not seem to be present in people's mind - as any more than a historical reminiscence. This applies to the mutual societies as well. So, seemingly, that leaves us with the *associations* as far as organisational forms are concerned. However, sticking to associations as a basis for classification does not depict what actually happens in way of social activity and forms of organisation in the social economy in Denmark, as a considerable part of these activities appear to adapt the legal form of foundation or similar types of non-for-profit institutions ('almennyttige selvejende institutioner'³).

¹ Paper presented at the ICA-research conference at Thessaloniki May 9-12, 2002. The paper is an elaboration on material which was first presented at the conference in honour of "The 1901 French Law of Associations" held in the European Parliament in Brussels February 19, 2001. The author is a sociologist, researching themes of co-operatives, third sector organisations and entrepreneurship. At present she is a development consultant at LO-Skolen (courses of management and leadership for leaders within the Danish National Labour Union), and a part time lecturer at Copenhagen Business School.

² The European Union defined the 'social economy' as comprising these four organisational types in 1989.

³ Literally speaking it means «self-owned-institutions for common benefit». It is a type of self contained not-for-profit foundation/organisation. They are value-based organisations, lead by a board, which is appointed according to criteria set down in the bylaws, but at a difference to e.g. co-operatives they are not per se democratically structured membership organisations.

Table 1: Salaried employment in the SOCIAL ECONOMY, i.e. in THIRD SYSTEM⁴ organisations and enterprises in Denmark 1997

Types of third system ORGANISATIONS	Number of organisations and firms ^{**}	Employment		Relative employment by segment	
		Number	Percentage	Commercial market	Social service segment
Co-operatives	3,142	77,883	3	99 %	1 %
Associations	10,640	79,806	3	38 %	62 %
Foundations, 'self-owned institutions'	4,702	128,250	4	9 %	91 %
<i>TOTAL 3rd SYSTEM^{*)}</i>	<i>18,484</i>	<i>285,939</i>	<i>11</i>	<i>42 %</i>	<i>58 %</i>
<i>Total firms in DK with employees</i>	<i>129,477</i>	<i>2,699,300</i>	<i>100</i>	<i>65 %</i>	<i>36 %</i>

Source: reproduced from CIRIEC, 2001:55. The table is based on data provided by Danmarks Statistik.

^{*)} These numbers indicate organisations and enterprises which have salaried employees. It does not include all those organisations of the third system entirely relying on voluntary work, or where the owners are the sole working.

^{**) If you include all firms, the number of VAT registered units is 421,408.}

Note 1: 'Commercial market' consists of organisations and enterprises within the following economic sectors: agriculture; industry; constructions; cars; trade; banking; business service; sanitation; hotels; transport; IT; Energy, water; housing; remaining categories.

'Social service segment' is composed of the following sectors: public administration; research; education; social welfare; health; leisure time associations; media; arts.

Note 2: Of the total number of firms in Denmark, 129,577 firms have employees, of which the 18484 'third system organisations' make up 14%.

1. Organisations and employment of the Social Economy

The term *social economy* has not yet gained much recognition neither officially nor among people. The term *third sector*, on the other hand, has lately gained acceptance. It is used to denominate the various non-profit and voluntary private organisations that are, broadly speaking, engaged within the *social service segment*. It refers in particular to activities within the health and social sector (i.e. for people in need for various reasons). This sector is also one of the public sectors in Denmark where a lot of «third sector popular activity» has taken place in later years showing both creativity, and substantial social energy in many layers of the population. I am especially having in mind the many varied schemes of support,

⁴ 'Third system' is the term used in the CIRIEC study (and by the EU commission) to encompass third sector organisations and enterprises both operating on the commercial market and in the social service sector broadly speaking. Third sector activities normally include activities operating in a not-for-profit perspective, and have an ambiguous approach to co-operative type organisations as a good part of the established co-operative enterprises today operate exclusively on the commercial market and in highly competitive markets. The «John Hopkins comparative non profit sector project» thus opted for not including co-operatives in their international comparative study (Salamon et al. 1999:3-4).

which have been developed and offered by organisations of the third sector, and which are directed to the integration and insertion on the labour market of the various socially and economically marginalised population groups. Such social activities are not unique for Denmark, at all. However - as revealed in the recent CIRIEC study⁵ - the third sector in Denmark seems to develop a somewhat different organisational pattern compared to other countries in Europe, including the Scandinavian countries; the main differences being that co-operative-type organisations are almost totally absent when it comes to new organising, e.g. in the field of labour insertion activities in Denmark, and that foundations or similar non-for profit-type organisations are rather common. *Tables 1 and 2* give a statistical evidence of this situation for the organisations and enterprises within the social economy which employ.

In support of the second hypotheses, i.e. that this substantial economic support to activities of the third sector can be interpreted as part of a policy of complementarity rather salaried personnel.

Table 1 presents an overview of the type and number of third sector organisations which have salaried employment. It is important to keep in mind, that besides the organisations and enterprises included in this statistics, there is a large unknown number of organisations in the third sector that entirely relying on voluntary work and which therefore is not included in this table. It should also be noted that eventual co-operative enterprises which do not employ people will not be registered in this statistics - as would be the case with certain worker-owned co-operatives.

Table 2: The absolute and relative share of employment within the social economy according to the particular types of organisations and enterprises in Denmark 1997

Economic segments <i>Types of organisation</i>	Commercial market		Social service segment		Total social economic sector	
	Number	%	Number	%	Number	%
<i>Co-ops</i>	77,104	65	779	-	77,883	27
<i>Associations</i>	30,325	25	49,480	30	79,806	28
<i>Foundations</i>	11,543	10	116,707	70	128,250	45
<i>All</i>	118,973	100	166,966	100	285,939	100

Source: CIRIEC 2001.

Note: 'Commercial market' consists of organisations and enterprises within the following economic sectors: agriculture; industry; constructions; cars; trade; banking; business service; sanitation; hotels; transport; IT; Energy, water; housing; remaining categories.

'Social service segment' is composed of the following sectors: public administration; research; education; social welfare; health; leisure time associations; media; arts.

⁵ The author formed part of the research team, having developed the Danish part of this research project, see CIRIEC 2001 a and b.

It appears that 11% of all employment in Denmark occurs within third system organisations and enterprises. Considering that more than $2/3$ ⁶ of the companies are one person firms, and $1/3$ or 129.600 organisations and firms have employees, the 'third sector organisations' make up 14% of these companies and organisations. The table also shows that about 40% of the employment in third system organisations and enterprises operate mainly on the commercial market and almost 60% functions in the social service sector. The table gives a very clear picture of how the co-operatives are not present in the social service activities. Only 1% of co-operative employment is situated within the social service segment, 99% is on the commercial side, i.e. mainly within the farmer owned agro-industry and daily consumption. This is opposed to the position of foundations and self-owned institutions which have 91% of their salaried employment operating in the social service sectors.

If we look at how third sector employment is distributed between the three types of organisations, then we find in *table 2* that 45% of the employment takes place in foundations and the rest is evenly distributed between co-operatives and association, 27% and 28% respectively. But if the sector is split according to economic sectors, a quite different picture appears. Within the economic activities mainly operating on the commercial market $2/3$ of third system employment occurs in co-operatives, $1/4$ associations and 10% foundations, whereas in the social service segment we find that 70% of the employment is within foundations 30% in associations and less than 1% in co-operatives.

The thesis defended in this paper argues that this development is partially due to the particular dynamic between the public sector in Denmark and the associations. On the one hand there is a public social sector in a welfare state which provides many of the services to the citizens which in other types of societies will be provided via third sector organisations, on the other hand there is a flourishing third sector to a large extent financed by funds from the same public social sector. The public sector comprises the municipal, county and, as mentioned already, the state level. Co-operative co-financing or membership fees have little importance as schemes of financing.

So, the first questions to be asked are, how to understand the relationship between the public sector in Denmark and the associations? and how to characterise this social dynamic? The literature presents mainly two hypothesis in this respect: one claims that we have a situation of the public sector 'utilising' the voluntary sector for its own purpose and controlling what goes on in this sector, while the other claims that there exists a situation of complementarity and co-operation, where the public sector understands that certain services and problems are better dealt with by grass root organisations or other local entities? (Bengtsson in Borzaga & Santuari, 1998:182).

⁶ Danmarks statistik 1999 table 259.

In the following section of this paper, I shall present a few historical data which will rather substantiate the second hypothesis, although it does not exclude the presence of the first hypothesis. In the last section, I shall illustrate how this particular social dynamics between the public sector and third sector organisations favours or conditions the adaptation of certain types of organisational solutions in the third sector which eventually on their side influence the social culture and dynamics in these sectors.

2. Public support for third sector activities in social services (broadly speaking)

At a general level the interaction between the public sector and these sector organisations has historically been rather one of cooperation⁷. The civil right of free association of citizens was written into the first democratic constitution back in 1849⁸. Than as part of a public control over the civil organisations, it shall be remembered that there is a tradition in Denmark of the public sector giving economic support to civil organisations which goes well back in history. By way of example, this has been the case for adult education since the 1890's, and similarly for sports and various leisure time activities. In general, this has been money granted to secure the normal running of activities of the associations, not to fund exceptional activities.

Another feature of this relationship in support of this hypothesis is that economic support has been rather free of ideological control on the part of the public sector. Even though important parts of the budget of many voluntary associations have come from public funds, traditionally the political climate has not favoured ideological control with regard to third sector organisations. The control has basically concentrated on the use of the budget.

A third element of the traditional relationship between the public social sector and the organisations, which also supports the hypothesis of complementarity, has been for public authorities to invite representatives of relevant third sector organisations to participate in commission work as consultants at legislative level.

Since 1988 the Ministry of Social Affairs has allocated substantial sums to social projects. In 1988-1991 the Ministry dedicated 350 million Danish Crowns (44 mill. ECU) to Social Development Means⁹. Since then, other support programmes have been set up, and by 1997 it covered a sum of 250 million ECU (2 billion DKR).

⁷ Using the term 'relation of co-operation' does not imply that there has not been divergences of opinion and defence of interests. It refers to the way of solving such divergences and conflicts of interest.

⁸ Denmark does not have a legislation similar to the French 1901 Law of Associations. An association has legal validity, when it fulfils the usual requirements of having a set of bylaws and a general assembly of members. In general terms one distinguishes between associations with a business purpose and those with a charity not-for-profit purpose. They are subjected to different tax regulations. In both cases they are run according to the general regulations for not-for-profit, and for-profit organisations and enterprises.

⁹ In Danish: «SUM-midler»; as a reference of comparison this amount corresponds in numbers to the total EU-program 'poverty 3' for that same period (Bengtsson in Borzaga & Santuari, 1998:182).

These funds are explicitly aimed at the organisations of the third sector in order to strengthen local initiatives in the social area in favour of vulnerable social groups, and especially to projects which innovate the social service work, i.e. by starting new initiatives and new types of projects locally. So they are considerable public funds which have been and are channelled to the third sector organisations within the social service sector. But at a difference to some of the more traditional public support policy to the various voluntary associations and organisations¹⁰, as presented above, there is no requirement that the receiving organisation be a membership organisation governed by democratic principles.

The support programme of the Ministry of Social Affairs from 1988 and onwards is actually considered unusual internationally, including Scandinavia, because of its quite free criteria and vague principles with regard to content (Bengtsson in Borzaga & Santuari, 1998). The important criteria were that the project ideas be innovative and helpful to the targeted group (young, elderly, sick, disabled, immigrants).

Arguments in favour of the first hypothesis are presented by the critiques of the present support policy of the Ministry of Social Affairs. They express their worry that the voluntary organisations are on their way of losing their independence and movement character in order to become an extension at the service of the prevailing social policy. Compared to the traditional forms of economic support to third sector organisations, at present, a far larger part is given to projects which constitute unusual, innovative initiatives, and not, as has been the traditional form, support for the running of current activities of the association. This is seen as a procedure which opens up to a tighter ideological control on the part of the public authorities.

3. Discussing how public support structure may influence organisational patterns and praxis in the Third sector

Now 12 years after the first programme of support to social projects and labour market projects was launched, it seems clear that this policy (which continues) has had consequences for the organisational pattern in the voluntary sector. A new type of organisation has emerged on which there is not yet a consensus on the used terminology. By some it is called project maker organisations, and by others network project organisations. In order to explain what this is, I shall briefly give an example.

¹⁰ I am referring to the laws of support to non-formal education, various sports and leisure time activities.

Case - an example of the mix between public and social economy in an autonomous non-for-profit-network-project organisation

«Kulturkælder¹¹» started in 1988 in a rundown neighbourhood in Randers with a project that offered help and activities for immigrant women and refugees - as a means of integration into life and work in DK. Today, there is a range of activities of artistic and practical type which have developed and been kept going through fund raising for projects: puppet theatre, picture weaving, silk printing, computer design, tailoring, textile design, shops, language teaching, etc. The latest projects deal with urban renewal, entrepreneurship training and mentor support for the clients who want to get self-employed (Jakobsen, 2001:10). Legally, this variety of projects is kept together by a 'self-owned institution'. This institution is lead by a board and a daily manager. The board is appointed by the Municipality of Randers and counts members representing both public, private, and third sector, according to the principles set down by its bylaws. The daily manager is the originator and prime motor of the whole project. Depending on the preferred terminology, she is what we would call the «fire soul» or «social entrepreneur» of this institution.

There are 9 project leaders. In all 40 people are on the payroll today. Half are employed full time by the institution, and half are in social employment through different types of job activation schemes: 'Job training' and 'pool jobs' for unemployed, or 'flex jobs' meant for handicapped, disabled and other socially weak people. The economy of the organisation is entirely based on projects, which are financed half by EC-funds, and half by national co-financing by the municipalities, counties, or the state. After 12 years' existence and growth, employment in the organisation is still paid through project funding. It is a remarkable endurance and continuity in view of the precarious employment situation.

This case is one example. There are quite a number of organisations of this type in Denmark today, both in urban and rural areas. Names like 'The Side Street'; 'The Ecological Initiators', 'The Front Runners', are other examples¹². They vary with regard to what is the central issue - urban ecology, young misfits, third age, training for project managing, community development, etc. A common feature is that they have been started by one or more «project makers» - i.e. people who combined social engagement with 'know how' to make project formulations. These are people who often -not exclusively- have a social pedagogical background, and they may have had a past as militants or active in youth movements and democratic movements of the 1970ies, so their social values often represent values like participation, democracy, personal growth and social

¹¹ «Kulturkælder» means 'Culture cellar'. The organisation started literally in the basement of an apartment building in a former run-down immigrant neighbourhood in Randers, organising cultural projects.

¹² A comprehensive empirical study giving reliable data as to the extent and number of this type of organisations has yet to be made. This account is based on case studies, evaluation reports and information from practitioners and researchers in the milieu.

solidarity. These organisations often have a rather strong, charismatic leadership. Voluntary work is an important ingredient in the activities of the organisation, also for the salaried personnel.

3.1 A new organisational form or a new pattern? - network-project organisation or social entrepreneurial milieu

What is the proper terminology to be applied to this social phenomenon of course depends on which aspects are emphasised. I have tried to show how the organisational complexity emerges over time as the different activities engaged in through the various projects take shape, gain some continuity and become a 'permanent' arena of social action. Rather than a new form of organisation I understand it as a form of a *social entrepreneurial milieu*¹³ which is a *centre of activities organised around a specific social issue and system of values and which takes various organisational forms*. Like in the case described - 'The Culture Basement' - the central organisation that administrates the economics of the projects may be a *foundation - or non-profit self-owned institution, typically with a board that represents different financial and client interests*. There may also be a *membership association* - that groups the users and friends interested in the theme of the particular entrepreneurial milieu, say 'urban ecology' or 'local community development', and social projects in this area. There may also be a *Day High School* organised as its own institution - offering different educational programmes for the targeted group. Frequently, there is a *board of support* with representatives of people selected from diverse external sympathetic and relevant public and private organisations. Often there is also *some non-profit business activity - like a shop* that commercialises the products created in the various artisan or artistic workshops. This organisational complexity or 'milieu' thus appears as an autonomous entity, but it has an institutionalised interface or contact with the public sector. There is no consensus as to the terminology, among researchers in this field this complex type of organisations is also identified as *«project maker organisations»* (Bengtsson 1998:163) or *«network-project organisations»* because of the many units and the often, rather complex organisational set-up (Beck-Jørgensen and Hegland 1999).

3.2 User influence, user orientation and employee-democratic forms of leadership, are they alternatives to this trend or is there a both-and?

Returning to the issue of the organisational impact of the public support policy on the organisational patterns of the social economy, one may get a step deeper by asking what will be the future of such - in the historical perspective - newer third sector organising as foci of third sector development and alternative organisation in civil society?

¹³ 'Entrepreneurial' is here understood in a wider than the strict sense of forming new enterprises, new activities which form new subsections and divisions within the milieu.

Project money are by definition devoted to innovative projects which have a high degree of uncertainty beyond the period of financing, and the funding concerns a singular specific project. This situation naturally fosters a management style which must be pushed by the requirements of the funding projects in question, thus prioritising voluntarism and the strong, exceptional human efforts, leaving less space and resources for organisational development. At the same time many of these 'social entrepreneurial milieus' or 'project network organisations' have developed an experienced and highly qualified personnel over the years. They, on their side, require participation and more formal structures of decision than the informal voluntary organisation model or the self-owned institution or foundation model might provide, and with the years they require participation and more formal decision structures than the informal voluntary organisation model or the foundation in their essence invites for, and they require a more predictable employment situation.

These conditions are pushing these organisation towards economic autonomy from public funding in order to become economically more self-sustained. At the same time the question of democratic management - and how the formal structures of the organisations interplay with the values of their practitioners in the organisations become more and more pertinent. The self-owned institution or foundation seem as a convenient and logical formalisation of the voluntary organisation that goes professional because it honours the social cause in being value based and it offers a arena of co-operation with public authorities and other local relevant groups of interest through participation in the board, but it does not per se support the development of democratic and participatory leadership and decision structures. No doubt, these organisations need, economically, to develop an more autonomous and thus more businesslike approach to its activity. But will it mean going into private business with a corresponding management culture? Or will they be able to develop a new form of democratic economic organisation and style of leadership which is in accordance with the social values? Will the public sector change its support policy or? I shall let these questions flow, and conclude that this issue needs further research.

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EU-PRINCIPLE OF COMPETITION AND NON-STATUTORY WELFARE

Situation and future development of non-profit enterprises in the case of Germany

by

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1. Changing Environments for Non-Statutory Welfare¹ in the EU

New Political Economy prepared the ground for the economic system of the European Union. Earlier market failure was responded to by welfare economics, whereas nowadays state failure - more precisely political hesitance, tax burden and debt as well as bureaucratic inefficiency - is supposed to be avoided by a minimum state intervention. It is hoped that the market-economy will improve the situation. As theoretical backbones serve the Public Choice Theory and New Institutionalism². The *Public Choice Theory* deals with maximization of votes, competition and liberty of customer choice, also in the public sector. In it is embedded a deep mistrust against an overboard state and the implementation of competition rules is seen as a safeguard for efficiency. As all actors are self-interest driven, no general commonweal orientation can be assumed. The *Property Rights Theory* is devoted to the allocation of property rights and the regulation of all market transactions. The less the Property Rights are divided, the better. Along with that goes a preference for private service delivery. The *Principal Agent Theory* focuses dominantly on the information asymmetries the principal faces (hidden characteristics, hidden intention, hidden action) and how to deal with that information gaps. It suggests the assertion of interests via (target-) agreements. The *Transaction Cost Approach* shows that one also has to take transaction costs into account and deals with the question of market provision versus provision through the own hierarchy. This approach identifies situations in which an outsourcing may be favourable. The ideas of these theories have also influenced New Public Management, which e.g. advocates a compulsive tendering of publicly financed services, is highly in favour of competitive structures, aims to separate steering from rowing and promotes a strong output orientation and an increased accountability of all actors.³ With respect to Non-Statutory Welfare ("Freie Wohlfahrtspflege") this policy toward a contract culture and an increase in accountability leads to a shake up of their traditional relationship to public bodies.

The economic policy of the European Union follows the same idea by committing itself to article 4 of the Treaty Establishing The European Community of Amsterdam from the 2nd October 1997 which states "the principle of an open market economy with free competition." The intended and successively realized liberalisation opens markets in hitherto closed industries and areas. Competition becomes intensified even in fields of *services of general economic interest* (in Germany so-called *Daseinsvorsorge*) under which market-related and non-market-related activities are subsumed that are rendered for the public and are therefore linked with specific public service obligations.⁴ To begin with, the principle of competition was introduced in the telecommunication, postal, energy and public transport sectors, all infrastructure services of general economic interest. It is foreseeable that apart from these market services, non-market services will also be

¹ "Freie Wohlfahrtspflege"

² GRÜNIG (2000), pp. 110, REINERMANN (2000), pp. 40.

³ EICHHORN/GRELLING (2001), pp 87.

⁴ EICHHORN (2001), pp. 86.

subject to competition. In Germany, these are above all education and training, health provision, social services as well as services in the cultural, sport and recreational sector. Most of the non-market services are up till now granted fiscal privileges because of their non-profit goals. Some of these services are traditionally provided by Non-Statutory Welfare organisations.

2. Structure and Aims of the German Non-Statutory Welfare Providers

Especially health and social services were traditionally provided in Germany by public (i.e. state-owned and municipal) entities and private non-profit organisations. Nearly 70 percent of all non-profit employees in Germany work in the health and social service sector. In comparison to other EU-States, prominent position of private non-profit organisations in health and social services reflects a long-standing tradition that is incorporated in the "principle of subsidiarity". In the context of health and social services, this principle gave important parts of the market over a long time a preference to non-profit organisations over public or commercial provision of core health and social services. Nowadays the privileges, guaranteed by the principle of subsidiarity are no longer strongly in place. The market principle is step by step replacing the principle of subsidiarity. With the introduction of more competitive elements in traditionally closed markets it is perceivable that an increasing number of commercial contractors are emerging and are thereby inducing a development in the direction of a *pluralistic market structure*.⁵

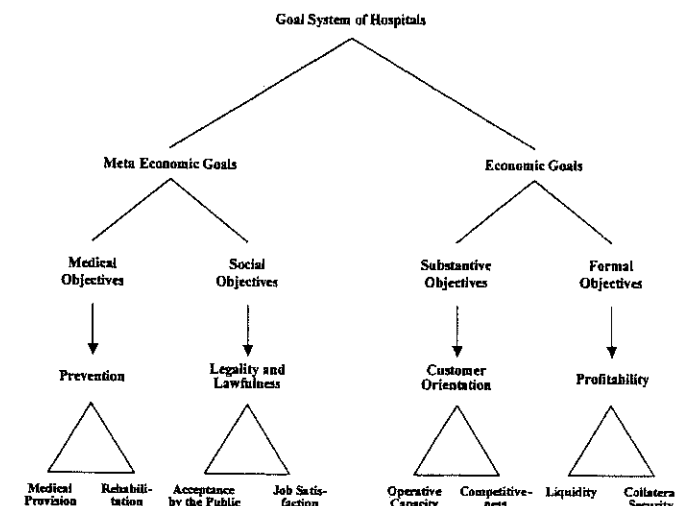
Regarding the private non-profit providers, the Non-Statutory Welfare ("Freie Wohlfahrtspflege") is the largest group within Germany. 93.566 nursery schools, kindergarten, youth centres, hospitals, rehabilitation clinics, nursing homes, residential homes for the elderly, nursing services, meals on wheels, social centres, rescue services, travellers' aid services, vocational training centres, promotion centres, etc. belonged in the year 2000 to the Non-Statutory Welfare with a total of 3.270.536 beds/posts, 686.676 full-time and 477.653 part-time employees as well as about 2.5 to 3 million voluntary workers.⁶ The responsible bodies are the *six charitable organisations*:

- ❖ Arbeiterwohlfahrt (Federal Workers' Welfare Association)
- ❖ Deutscher Caritasverband (German Caritas Federation)
- ❖ Deutsches Rotes Kreuz (German Red Cross)
- ❖ Diakonisches Werk (Service Agency of the Protestant Church in Germany)
- ❖ Deutscher Paritätischer Wohlfahrtsverband (German Nondenominational Welfare Association)
- ❖ Zentralwohlfahrtsstelle der Juden in Deutschland (Central Welfare Office of the Jews in Germany).

They are mostly divided into federal, provincial, regional, district and local associations in the legal form of registered associations and they control and

monitor the services of normally non-profit businesses. These in turn differ enormously in regard to their tasks, size, organisational structure and behaviour. One can find single-product and plural-product enterprises with single-level and multi-level manufacturing systems, small, middle-sized and large firms, individual companies as well as affiliated groups, bureaucratically governed and commercially conducted enterprises. Regarding the market share, the private non-profit enterprises hold the second position after public enterprises in the hospital sector and have due to the principle of subsidiarity still dominant market positions in parts of the social service provision (e.g. in services for young and elderly persons or services for handicapped people).

The objectives of these non-profit enterprises can be divided into meta economic and economic goals.⁷ Unlike their commercial competitors, meta economic goals and substantive goals play an important role with respect to the legitimacy of non-profit enterprises. The goal structure themselves can be divided further, each having different targets. The *goal system of hospitals* serves as a typical example:



⁵ EICHHORN (1995), pp. 55, EICHHORN (1996a), pp. 17, EICHHORN (1998a), pp. 266, EICHHORN (1998b), pp. 3.

⁶ BUNDESARBEITSGEMEINSCHAFT DER FREIEN WOHLFAHRTSPFLEGE (2001), pp. 7.

⁷ EICHHORN (2001b), pp. 45.

3. Scenarios for Non-Statutory Welfare in the EU

All over Europe health and social services face special challenges. Taking, with respect to health services for example, into account the growing prosperity of people living in Europe who live to an increasingly old age and are mostly alone, the expanding health awareness and the advances in medical technology lead to an increased pressure to provide these services as efficient as possible. Looking at the leading principles of a free market economy a strong market orientation can be the only remedy for an increase in efficiency. The already visible trend toward subject promotion of financially indigent citizens and the services demanded in the field of medical provision, youth aid, family aid, old people's aid, aid for the disabled and handicapped as well as social services for people in particular social situations lead to a *change in the relationship with the service providers*. Clients become customers, in fields which traditionally had not a strong customer orientation and the danger of philanthropic paternalism is virulent.

With the opening up of markets private commercial investors and business enterprises enter the scene, compete for customers and come up against the tax privileges of non-profit companies. *Profit orientation promotes cost, performance and competition pressure* amongst both commercial and non-profit contractors. In the lee of the EU competition doctrine and of "investors trading in compliance with the market economy", the services of Non-Statutory Welfare are streamlined and made more flexible on the one hand, which is welcomed. On the other hand, the priority of economic goals pushes meta economic goals into a subordinate level. A consequence of this could be the following: in such a field where a great deal of individual and personal devotion of help is required to people in need, to the elderly, sick persons, the disabled, single parents, orphans, the poor, the unemployed, the homeless, people who suffer from discrimination etc. In all the cases mentioned, serious losses could be triggered which would create a costly situation for the State.

Naturally, the services of general interest will have to fulfil specific public service obligations, whether the services are either more or less market-orientated, of either commercial or non-commercial (outside of Non-Statutory Welfare also freelance) nature. Regulation of these sectors becomes an increasingly important topic. Already in some European States, minimum quality standards for health and social services are high on the agenda of national legislators. Perhaps one sees in a few years the same boom of regulation authorities in the health and social sector, as we could witness in the energy, postal, telecommunications and public transport industries in the 90s. Apart from *competition regulation* that guards the entrance to and exit from the market as well as miscellaneous market restrictions, *task regulation* is needed. It has to ensure the type, extent, quality, security, continuity, environmental sustainability and prices where appropriate. In the long run, market liberalisation may lead to more regulation. Competition and task regulation concerns all market participants irrespective of the owner, responsible body,

partner or member. Public, private-commercial and non-profit companies are regarded as equal and receive the same treatment.

As already established for parts of the infrastructure services of general economic interest there might be a development of linking the assignment of specific public service obligations to a partially or totally recompensation by the responsible bodies of public tasks. One provision for that is, that the contracting partner is chosen through a tendering procedure, in order to provide the service as cost efficient as possible.

Such benefits or allowances should be not be regarded as violations of article 87 paragraph 1 of the EC-Treaty. Furthermore, compensation payments from the State for services that arise from self-chosen Christian, humanitarian, social or ecological motives can neither be judged as benefits, nor as a contortion of competition. The reason for this is that the thereby pursued meta economic goals are substantiated in commonwealth-orientated service offers such as pastoral care, communication of values or reduction of emissions (so-called outcome) and acceptance, satisfaction or improved health conditions (so-called impact).

Even within the service providers, it is likely that the structure becomes more pluralistic. *Public contractors* offer nowadays their services partly on a governmental and non-profit basis, partly on a commercial basis. *Private-commercial contractors* apply for service orders and pledge themselves as loaned or concessionary companies or as otherwise contractual arranged operators, attendants, tenants or financiers in order to fulfil public tasks. The responsible bodies and services of *Non-Statutory Welfare* act mainly as non-profit companies with tax exemptions but which diversify in business segments dominated by competition and monetary targets. It is not only benefit and tax reasons that lead to the attempt to differentiate between *promotional business and competitive business*. A further attempt is to set up a separated bookkeeping according to the EU-Transparency Directive of 26th July 2000 and the corresponding German Transparency Law of 16th August 2001, which became effective on the 1st January 2002.⁸ From a cost accounting perspective, in my opinion one should even have differentiated the promotional business between the service task that has been adopted and the self-determined conceptual formation (the so-called *Proprium* with *Caritas* and *Diakonie*). In addition to this, the competitive business should be differentiated between pure and regulated competition in order to allocate the costs to the services rendered with a higher accuracy. The problem is that services not only in health provision but also in social consultancy, care and nursing are highly interlinked in production which makes an objective calculation inaccessible. Therefore, one will only be able to separate the business segments with a certain degree of arbitrariness and will have to make continuous efforts not to lose the synergetic effects.

⁸ BOLSENKÖTTER / POULLIE (2001), pp. 204, and SOUKUP (2001), pp. 86.

The more the principle of competition and commercialisation penetrates Non-Statutory Welfare, the more their *association and operating structures* will change. For example, it will become difficult to maintain the Catholic or Protestant identity if one loses market shares because competitors are co-operating, merging or organising themselves in specialized chains around the own non-statutory companies. Welfare associations are still on a par with their services. If they intend to save common convictions and meta economic purposes, they will have to establish partnerships and to expand to *optimal sizes and compounds* for market and business economic reasons.⁹ The optimum would probably be found where the macro model of Social Market Economy enfolds itself in the micro model of commercial companies, whose profits flow exclusively and directly to purposes for the public.

Therefore a further effect of EU competition rules could be that more or less market conform (i.e. commercial) activities will prevail on the side of profit generation and the services of Non-Statutory Welfare will only differ from commercial companies on the side of profit appropriation. Whereas the latter distribute profits to yield-striving investors, the former retain the profits or upstream them to their non-profit associations or foundations, who themselves support the clientele of Non-Statutory Welfare. In that case *subject promotion* of the customers via subsidies would then take the place of the former *object promotion* of non-profit companies through tax privileges. Such a subject promotion is only feasible if the Nonprofit-services are produced efficiently. If this scenario comes true, a new private foundation boom seems likely.

This development towards subject promotion via subsidies could be accompanied by the following organisational change: the associations as responsible bodies of legally dependant companies will consolidate these into performance centres under the legal form of a limited company. The associations that are under the legal form of registered associations will take on the rights of ownership as partners. Numerous reasons speak in favour of transforming the associations into foundations because dedication to their purposes, legal security and continuity can be even better ensured. Affiliated group structures emerge with the problems of an effective *Corporate Governance*, where individual larger companies (e.g. hospitals, nursing homes, residential homes for the elderly, rescue services) are already conducted in the form of limited companies. Should the responsible body merely take on monitoring tasks and leave the management task to the leadership of the limited company or should it also exercise co-ordination, controllership and service functions? Answers that are universally valid are hardly possible because history, meaning and size, financial power, power constellations and opinion conception in the services and associations normally differ considerably.

Irrespective of whether an association of responsible bodies (as an association or a foundation) controls a few legally dependant ancillary units or whether it forms a holding company that is in charge of investment companies, that is to say it works as an affiliated group, corporate identity is to be emphasized and valued.¹⁰ It gives shape to the relevant profile in Non-Statutory Welfare. In order to do that it needs an overall concept describing the management philosophy and the culture of the organisation. The management philosophy deals with the fundamental (Christian, humanitarian, social and/or ecological) values and norms that should be representative for the leadership of institutions and persons. Specifically speaking, the preferred (meta economic and economic) goals and the strategies of achievement of objectives outside and inside the company as well as marketing strategies and achievement motivation should be defined. With the help of the organisation culture, the patterns of thought and the behaviour of both those who are of leading opinions and of the employees are elicited. Following this is an attempt to influence these patterns in terms of management philosophy. The aim is to match the company and individual goals as closely as possible.

Earlier, the *offers* of Non-Statutory Welfare were in effect invitations to cheap or gratuitous participation in health or social services that were financed by public or ecclesiastical grants or by private donations or foundations. Nowadays, the equivalence principle (service recipient and financial payment obligation correspond) and the contribution in kind principle (treatment against certificate of illness, respectively chip card) are adopted more and more which result in a stronger orientation towards the customer, consumer - or speaking more generally - the *demand*. In a competitive environment, it is for all service providers important to communicate what special benefits they offer to their customers. For NPOs, a systematic evaluation of customer demands may help improving their target-group orientation - thereby helping them to increase the effectiveness in fulfilling their mission.

Promising marketing strategies that come into consideration are the following: the *strategy of market segmentation* includes a specialization in respect of the customer groups. Market division becomes necessary depending on the type and scale of main activities, auxiliary and service activities. The size of the enterprise determines if *trade strategies* for the purchase and selling of commodities are employed individually or in a group. *Brand name and customer-related strategies* should be especially successful in Non-Statutory Welfare because the consultancy, attendance and job services accompany people lifelong and thereby enable secure market shares and growth. *Strategies of diversification* are also customer-orientated and make efforts to open and develop new business sectors.

In the heart of performance centres, respectively subsidiaries, the former service principle superimposes but does not replace the commercial principle. That means the employees remain attached to the sense and purpose of Non-Statutory Welfare

⁹ EICHHORN (2000), pp. 307.

¹⁰ EICHHORN (1996b), pp. 208.

even though their income increasingly adopts a representative - not decisive - role. *Incentives* are no longer a taboo; they are employed intentionally. Education and training, the feeling for group identity, leadership, promotion and financial incentives contribute to the improvement of products, to providing a better service for the customers and to the re-investment of any profits into the Proprium, or to donate them to public or to any other general-interest purpose.

4. Summary and Conclusion

Up till the 90s of last century the providers of Non-Statutory Welfare services ("Freie Wohlfahrtspflege") operated mostly in areas of a somehow limited competition. The *principle of subsidiarity* privileged them in many important parts of the health and social services. With the EU commitment towards the principle of an open market with free competition and the rising acceptance of the ideas of public choice and new institutionalism, the *adoption of the market logic* for providing Non-Statutory Welfare services becomes more and more likely. For the private non-profit service providers this presents a major change in their environment conditions. With respect to the environment conditions the article identified as likely scenarios: an *increase of market entries of commercial competitors*, which increases the cost, performance and competition pressure for commercial and non-commercial providers alike. Tax exemption for non-profit services become increasingly under pressure. As the EU has the firm belief that public service obligations could be guaranteed by regulation, it may be possible that one witness an *increase of competition and task regulation* in the traditional areas of Non-Statutory Welfare. Compulsive competitive tendering for this public service obligation will also become a viable option. If public authorities compensate private non-profit contractor for the provision of public services, the question arises whether a violation of article 87 of the EU-Treaty might exist. A further consequence is that a clearer (accounting) *separation between promotional and competitive business* must be drawn, in areas with an often highly interlinked production.

Non-Statutory Welfare services face not only changes of the competitive and legal environment but also increasingly face the *pressure to reform their internal structures*. If Non-Statutory want to save common convictions and meta economic purposes, co-operations, chain-building and mergers in order to increase the operating size are options, which need a serious consideration. Also, an increase of subject promotion by foundations is a possible alternative. The question of *effective corporate governance* as well as of the specific corporate identity of Non-Statutory Welfare services need also be taken into account. In a more competitive environment, *marketing strategies* are more and more important for non-profit service providers. Modern human resource management ideas will also become increasingly popular.

The EU-principle of competition puts the Non-Statutory Welfare services under the pressure to redefine their position as modern service providers with a special common weal orientation. To find the *balance between the market pressure and the special proprium* is not an easy endeavour. If this balance is missed the Non-Statutory Welfare providers will loose their legitimacy and the nowadays pluralistic market structure will vanish towards a market structure which only take solvent customers into account.

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**RECENT STRUCTURAL DEVELOPMENTS AMONG MUTUAL
INSURANCE ASSOCIATIONS IN GERMANY**

**Insurance Mutuals as Vertically Structured Combines - an Attempt to
Join the Member Approach with the Shareholder Value Approach**

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1. The competition on the insurance market at present - a challenge for the insurance companies

1.1 Intensive competition among different types of insurance companies

The insurance branch in Germany and in other European states may now be regarded as one of the financial products markets with a most intensive competition. This market is not only characterised by the great variety of financial products, but also by the fact that insurance companies of the most varied types and sizes are in competition with each other in a more or less large oligopoly. These are private-sector insurance companies, which are partially publicly listed, as well as insurance companies that are under-public-law form and insurance companies that are organised as mutuals. In Germany, insurance mutuals are called *Versicherungsvereine auf Gegenseitigkeit (VVG)*. In this contribution, the focus is on the latter ones.

Regarding these different structures of enterprises, the insurance sector strongly resembles the banking sector, in which there are private publicly listed banks, banks under public law (*Sparkassen* and *Landesbanken*) and co-operative credit unions (*Volksbanken* and *Raiffeisenbanken*) being in competition with one another.

Concerning the banking market, in literature as well as in banking circles, the term *group competition* is used. The three groups of banks and/or their individual member-institutions are in competition with each other¹. The concept of "group competition" is, in point of fact, misleading, because the different banks do not in all cases appear as organised groups in the competition. Acting as "groups" applies, at most, to the public law banks as well as to the co-operative credit unions. Member-institutions of these two groups pursue banking activities according to the principle of regionality in demarcated geographical areas. In principle, savings banks thus far seldom enter the arena as opponents in one and the same catchment area, much less the co-operative banks. In the insurance branch, there is no such "group competition". In fact, all insurance companies do business in their respective insurance sub-markets as competitors in parallel competition. This has appreciable repercussions on the degree of intensity of that competition, which can be classified as especially high in the insurance branch.

The insurance branch, in Europe and worldwide, is now facing new challenges. This can be ascribed, in the first instance, to the opening up of the different national insurance markets and to the increasingly intense competition. In the struggle of keeping their position on this new and wider market, the insurance companies have to find solutions. The different kinds of insurance companies are being challenged in different ways to face this new situation. In this respect, the mutuals, because of their closeness to their clients who are at the same time their members, may enjoy certain advantages. But they equally suffer from certain

¹ On group competition in the banking sector in Germany, cf. Cox, Helmut (1994)

disadvantages in connection with the legal form of the VVaG (i.e., the mutual). In this context, the question arises as to how the mutual might react to the new challenges thrown up by the market without following the path of demutualisation (demutualisation is the conversion of the mutual association into a corporation). If this happened, not only the diversity of forms of insurance enterprises would be lost, which is essential to the German liberal economic order; but also the uniformisation of society would be encouraged. The consequences for the competition of the insurance market may be expected to be negative. These problems will be analysed in greater detail in the following.

The integration of the national markets into the EU-market brings a situation in which the suppliers are exposed to an increasing stress of competition. This effect, beneficial for consumers due to reduced prices, also applies - in principle - to the insurance market. On July 1st 1994, the European directives² on the creation of the EU-market for insurance were incorporated into national law in Germany. Two essential regulations of the German insurance economy thereupon ceased to exist. In the first place, the supervision of foreign insurance companies offering their products in Germany no longer falls within the competence of the German supervisory bodies³. European insurance companies were now placed under the exclusive supervision of the competent authorities of their country of origin. Secondly, new conditions of insurance policies and schedules of charges are no longer subject to official approval by these authorities prior to introduction in their particular field.

The liberalisation of the German insurance market in 1994 brought about a situation whereby, after years of stasis, the market structure of the German insurance branch began to change⁴. New foreign competitors elbowed their way on to the German market. Also, the number of innovative products increased rapidly. Many insurance companies also developed into suppliers of diversified financial services, carving out for themselves new areas of activity. They now increasingly sell - in addition to insurance policies - building society savings agreements and typical banking products, such as investment fund certificates. However, building societies and banks for their part are now increasingly offering insurance products.

The insurance market, in its capacity as a risk-carrier, is strongly affected by the course of the economy, such as the slack short-term economic cycle. In addition, however, there are certain features peculiar to the branch that have intensified the

² 3rd Casualty and Accident Insurance Directive (D 92/49/EC of July 18th 1992), 3rd Life Assurance Directive (D 92/96/EC of November 10th 1992) and 2nd Directive on Motor Vehicle Third-Party Insurance (D 90/618/EC of November 8th 1990)

³ Up to April 30th 2002 the *Bundesaufsichtsamt für das Versicherungswesen* (BAV) was the German supervisory authority in this area. From May 1st 2002 the new *Bundesanstalt für Finanzdienstleistungsaufsicht* (BAFin) takes over responsibility. This was formed by merging the BAV with the *Bundesaufsichtsamt für das Kreditwesen* (BAKred) and the *Bundesaufsichtsamt für den Wertpapierhandel* (BAWe) to take account of the phenomenon of financial business combinations

⁴ *Wirtschaftswoche* (2001), p. 4

competition within the insurance sector enormously. Insurances in general are considered as products that are abstract and, therefore, in need of explanation. As late as the 1990s, the transparency of the market could still be described as only slight. Due to the emergence of a ranking culture in Germany, the increasing importance of insurance brokers and business agents who works for several insurance-companies, and the use of new media, the transparency of the market has increased considerably up to today. Clients today therefore have appreciably better possibilities of comparing the offers of the different insurance companies. This, along with a reduced brand loyalty on the part of consumers, has intensified competition between the insurance companies.

In certain areas of insurance, the price became the dominant factor driving competition. Good examples of this are vehicle insurance and industrial insurance. The clients were offered all kinds of new, partially even competition-distorting discounts. This undercutting of competitors sent the damage rate in the vehicle insurance branch soaring, which is generally held to be an important initiate line of insurance (i.e. one which may lead the insured to the completion of further insurance contracts). The damage rate in some insurances shot past the 100 mark, i. e., the expenditure for the compensation of damages exceeded the income from premiums. The motor vehicle insurance companies are struggling to reverse this process.

The lean stock exchange years 2000 and 2001 also had a serious impact on the insurance companies that manage their clients' money. The fluctuation reserves of insurance companies dropped very substantially in both these years. Especially small and new insurance companies that, in the wake of the stock exchange boom in the 1990s had built up their portfolios of shares in part drastically and, with the knowledge of hindsight, at excessively high rates, had to bear the brunt of the situation.

And yet, insurers are not pessimistic. The life insurance field in particular gives the German insurance sector reason to look to the future with optimism. Already in 1999, this field showed a sudden spurt of growth, thereby supporting all other fields of insurance. The German Government's intention to tax profits from life insurance was apparently all that was needed to trigger a contracts boom. On the whole, the German life insurance field is profiting from the problems arising in the group rent insurance schemes.

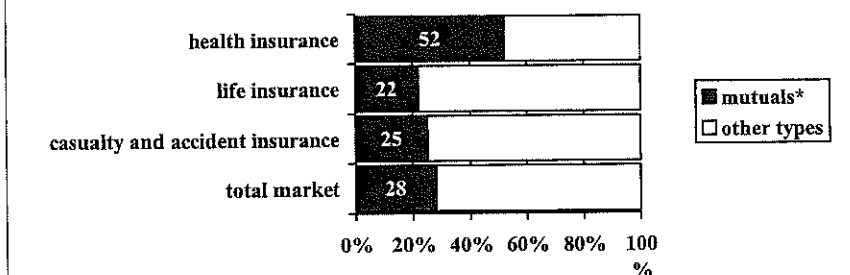
The situation in the German insurance market is best described as being "subject to sudden change" and "highly competitive". The insurance companies are trying to increase their flexibility and adaptability by means of reorganising their structure and the organisation of their work so that they may bring themselves into the line with the new trends in the German insurance market. External growth is often also regarded as a solution to such economic conditions. In its latest investigation study of the insurance services, rating agency Moody's sees great pressure to concentrate, especially on small to medium-sized insurance companies that have

not specialised. There are many examples of mergers within the German insurance branch. Mention may be made, for instance, of the formation of the *Ergo* Group out of *Viktoria Versicherung*, the *Hamburg-Mannheimer*, the *Deutscher Automobil Rechtsschutz Versicherungs-Aktiengesellschaft* (D.A.S.) and the *Deutsche Krankenversicherung AG* (DKV). The integration of the *mh-Bausparkasse* (now *Allianz-Bausparkasse*) and the *Dresdener Bank* (second biggest German banking Institute) into *Allianz-Combine* shows that the concept of diversified financial services concept is gaining currency.

1.2 Objectives and course of the treatise

This contribution aims to show how in Germany insurance mutuals are squaring up to the new challenges without flying to the extreme of demutualisation. The legal form of the mutual - despite its age-old tradition in Europe and especially in Germany - is relatively little known in public, although co-operatives in other branches, e.g., in agriculture and in banking sector, are quite well known. This is all the more astonishing since the insurance mutuals make up approximately 28% of the total market in the insurance branch (see diagram: *Market share*). The fact that the mutual is only known may be explained by the circumstance that the designation "*Versicherungsverein*" does not necessarily refer to a co-operative-type form of enterprise. Furthermore, the German insurance sector also recognises the gentleman's agreement not to advertise with reference to the different legal forms. In addition to this, the regulations governing the mutuals are not, unlike those governing corporations, limited companies or registered cooperatives, to be found in any specific law pertaining to legal form, but in the German Insurance Control Law - *Versicherungsaufsichtsgesetz* (VAG) - which indicates rather a law of a purely supervisory nature⁵.

Market share of the insurance companies on the German insurance market (in 2000)



*inclusive of subsidiary companies

source: Arbeitsgemeinschaft der Versicherungsvereine auf Gegenseitigkeit e.V.

This contribution will therefore first give a description of the structure and the essential characteristics and peculiarities of the mutual, and then contrast them to the structure of insurance corporations (Section 2).

This is followed by an analysis of the strengths and, in particular, the flaws of the mutual association against the background of an increasingly intensive competition (Section 3). We then present some ways of restructuring insurance mutuals which could minimise, if not even completely remove, the flaws of mutuals while preserving their advantages. This mainly concerns solutions that lie in between the member value approach and the shareholder value approach (Section 4). This in turn is followed by an attempt to estimate the chances of survival of the parent-subsidiary relationship based on the member value approach.

2. Structure and special characteristics of the insurance mutual in comparison to the insurance corporation

2.1 The principles of mutuality and identity

The mutuals, like all co-operatives, can look back over centuries of tradition. Even during the Middle Ages, there were mutual insurances against fire, storm damage and loss of livestock. The modern insurance corporation first appeared around the late 18th Century to early 19th Century; its basis was in the principle of mutuality. Most of today's insurance companies can trace their origin back to this period and have, during the course of the past two hundred years, grown to become medium-sized and large insurance groups⁶.

Under § 15 of the German Insurance Control Law, the mutual association provides its members with insurance cover according to the principle of mutuality. That means, in the narrower sense, that the risks of insurance are carried by all members. Alongside this narrower definition, there is also a broader sense of mutuality as regards the general method of insuring applied by every insurance.

The mutual insurance association is characterised by certain typical features that set it apart from other forms of enterprise⁷. The mutual is a quasi co-operative association of persons with a numerically non-closed membership and observes the principles of *Mutuality* and of *Identity*. The principle of mutuality is based on risk-sharing and risk-bearing by all the members, while the principle of identity expresses the idea that the insurance contract, at the same time, solemnises the act of membership of the mutual insurance association. The beginning and the end of the insurance contract and of membership therefore coincide. Since insurance contracts are as a rule structured for the longer term, membership is likewise of longer duration. The main objective of the mutual is the provision of the best-possible supply that meets the demands of the *members* (principle of consumer

⁶ Cf. Koch, Peter (1995)

⁷ On the legal bases of the mutual in Germany, cf. Großfeld, Bernhard (1985); (1995); Hübner, Ulrich (1995); Mohr, Paul Günther (1995); Freis, Harro (1995)

⁵ Kaiwar, Hans (1982), p. 4 ff.

orientation). The mutual thus distances itself from insurance corporation, because the insurance corporation primarily serves the members' interests (member value approach). Mutuals do not aim at profit making.

At bottom, the principle of mutuality includes three other principles of mutual insurance. First, there is the principle of ratability, which means that generally expenses of the mutual are, if need be, financed by assessments of the members, which may be either once-only or recurrent. Second, there is a legal obligation for additional contribution payments by all members in the case of losses or non-covered costs. Third, all members have a share in surplus profits, that is, any profits are to be distributed among the members, provided always that they are not spent on other purposes, such as the creation of reserves. Assessments, additional contribution payments, distribution of surplus profits, and premiums all are governed by the principle of *equality of treatment* of the members. That is to say, given the same conditions, members must be treated according to the same principles.

As things now stand, only the own assets of the mutual may be used to pay for all kinds of liabilities of the insurance corporation, without its members being legally responsible for creditors' claims. Every insurance mutual must amass an original capital stock that has to cover the costs of the company and can, consequently, has to do duty as stock needed to serve the warranty and stock needed to serve operating expenses.

Concerning the premium rates and assessments, the memorandum and articles of the mutual must determine whether the costs are to be covered by once-only or by recurrent contributions levied in advance, or by contributions paid on an *ad hoc* basis. The memorandum and articles must further determine whether additional contributions are a reserved option or completely impossible. The memorandum and articles may, in addition, lay down upper limits for additional contribution payments and assessments. All these rules show that, capital, which has been accumulated in the course of time, and the compulsory original stock perform key functions in discharging for the members, with the result that the latter are not legally accountable.

2.2 Differences between mutuals and insurance corporations: membership versus shareholder approach

Comparing the mutuals with public insurance corporation, we note fundamental differences in structure. Admittedly, both types have in common the principle of risk-spreading as a basis for insurance. In recent years, mutuals have been adapting public company law. There is, nonetheless, an essential difference in the institutional features and in the *ownership relations*. The owners of the public insurance corporation are its shareholders, who are definitely *not* identical with the insured. The principle of identity characterising mutuals therefore does not apply to the public insurance corporation. As owners of the public insurance corporation,

the shareholders (private individuals, institutional investors, corporate bodies or others) pursue the objective of maximisation of yield, be it through the generation of dividends or through profits on the stock exchange. The corporation is, by nature, a for-profit enterprise and not driven by consumer orientation, even though insurance activities and strategies are the same. In the insurance mutuals, the member-orientation in the sense of the member value approach is of prime importance whereas in the public insurance corporation, besides the interests of the insured, the shareholders' interests in the business policy of the executive board is equally, if not primarily, decisive (*shareholder value approach*). In some cases, the interests of the shareholders and of the insured may be identical, in which case no conflict will arise. However, this does not go for many cases. If one takes, for instance, allocation of profits, price policy, a change of ownership caused by normal or speculative sales or purchases of shares with more or less serious consequences for share prices, unfriendly take-overs and the like, there can be obvious differences in the shareholders' and the insureds' interests.

Since there are no competing interests in a insurance mutual by reason of its specific structure, and since there is no feedback from the stock exchange, the mutual is much better placed than the public insurance corporation to tailor its strategic business policy purposefully and consistently to the demands of its members. However, this is not to say that not being quoted on the stock exchange can be judged positively in every respect. As will be shown later, the public insurance corporation, precisely because of its being quoted on the stock exchange, has fundamental advantages over competitors – thinking, for example, of the relative ease with which a corporation is able to raise capital, or of the additional stock exchange controls.

The typical characteristics of co-operative mutuals, such as the principle of mutuality, the principle of the insured being at the same time members of the mutual, and the principle of consumer orientation, all being included in the member value approach, also produce the tasks and mandates of the different *decision-making bodies* in the mutual. Mutuals have similar bodies to a corporation. For instance, the mutual is headed by an executive body, which is in turn controlled by a supervisory body. While a corporation has its general shareholders' meeting, the head of a mutual is the *general members' assembly* or – in medium-sized to large insurance companies – the *general assembly of the members' representatives*. Most of these decision-making bodies may, at first sight, resemble those of a corporation, especially as German law even requires of mutuals to adopt the essential provisions of public company law "*mutatis mutandis*". Yet, there are still fundamental differences from the corporation, springing from the typical characteristics of a mutual. The formulation that public company law is to be applied to a mutual with changes that are necessary in respect to the differences between these two forms of business also acknowledges the autonomous character of mutuals.

The members' representation or the general assembly of members form the head of a mutual. This puts them at the top of the decision-making bodies. The general assembly of members or representations applies the respectively member value approach, i.e., the principle of the insurance consumers being members of the mutual, thus observing the principle of "one-man-one-vote", which is characteristic of co-operatives. The members' representation has to look after the interests of the insured. As head of a mutual, the members' representation and the general assembly of members have far-reaching powers of control in comparison to the supervisory body and the executive board. The powers of the members' representation, or the general assembly of members respectively, are similar to those of a general meeting of a corporation, which is conducted by the shareholders, but they are more comprehensive. According to public company law, the general meeting decides on issues of management only if the executive board so instructs. The powers of the general meeting of a public company are therefore limited in comparison those of the general assembly of members or representations of a mutual. Only acts of management with serious implications for the rights and interests of the shareholders, oblige the executive board of a public company to obtain the prior approval of the general meeting.

A further essential difference between general assembly of members or the representations on the one hand and the general meeting of shareholders on the other is that on the part of the corporation, the rights to vote depends on the amount of capital and it is not based on the principle one-man-one-vote. This principle results from the member value approach of mutuals.

Regarding the executive board, there are considerable differences to the executive board of a corporation. This resides mainly in the fact that the executive board of a mutual association is not "led astray" by capital-owner interests, but resolutely takes its bearings from the interests of the members as insured persons. The executive board of a public insurance corporation must, as a rule, always act in the light of the shareholders' interests, and must, more particularly, take into account the shifting majorities in the general meeting, and the composition of the circle of shareholders, with an eye to the principal shareholders, whose influence is much greater than that of other shareholders. With shifting majorities in the general meeting, new supervisory bodies may be appointed who, in turn, can elect new executive boards. Mutuals are not under the control of the stock exchange and the shareholders so their executive boards are free to concentrate on promoting the interests of the members in a more targeted manner. The absence of feedback from the stock exchange may be regarded as positive from the point of view of promoting members' interests. However, control via quotation on the stock exchange and via the shareholders would be a very effective control mechanism that might possibly compensate an unsatisfactory control by the general assembly of members. Because of the absence of a control by the stock exchange, the autonomy of the executive board of a mutual may be greater than that of an executive board in a corporation. This makes it all the more important for the mutual to ensure that an effective control is provided by the general assembly of

members. High quality requirements must therefore be set particularly for the members' representations of a mutual.

The *supervisory body* of a mutual differs from that of a corporation in that it is not appointed by capital-owners, but by the general assembly of members. The supervisory body and the executive board are to that extent protected from rapidly changing external influences, such as shifting majorities of shareholders.

3. Strengths and weaknesses of mutuals

3.1 Various problems in big and small mutuals

The high intensity of competition in an increasingly large market can be met in different ways. Large insurance companies, which offer as generalists all kinds of insurance products, have in recent years shown a tendency towards economic concentration and the formation of oligopolies. This pressure to external growth at least does not seem to be moving the specialised insurance companies, who generally number among the small mutuals⁸.

The great majority of German insurance mutuals are small insurance companies. These mutuals limit their activities to only a handful of products and mostly work only within their particular region. The strength of these specialised insurance companies lies in the fact that they have a thorough knowledge of their market segment, and are therefore best-able to anticipate and to cater for the needs of their members or clients. Many clients chose these insurance companies precisely because of this characteristic. The small mutuals foster no ambitions to offer their products and services all over Germany, even all over Europe. Their capital requirements are not as great as among other insurance companies. Nevertheless, these mutuals too may experience capital bottlenecks when they try to assert themselves against increasingly fierce competition.

One sensible strategy for these mutuals would appear to be to concentrate on their own strong point: the closeness to their clients. By steadily looking after the interests of the clients as regards both prices and quality, for example in the field of loss adjustment, product design and accessibility, it should be possible to ensure the survival of these mutuals, even with their present structure.

The *Gartenbau-Versicherung* (i.e. a gardeners' mutual insurance) may be mentioned here as an example of an excellently-positioned German insurance mutual that has specialised. True, it works all over Germany, but it has specialised in products for horticultural enterprises only. In June 2001 ASSEKURATA Assekuranz Rating-Agentur GmbH awarded it the top mark of A++ (= excellent). It came off well in all sub-categories, either with "excellent" or "very good". The gardening insurer performed especially well as employee proficiency and loss

⁸ On the economic significance of the mutual association, cf. Völker, Günther (1995)

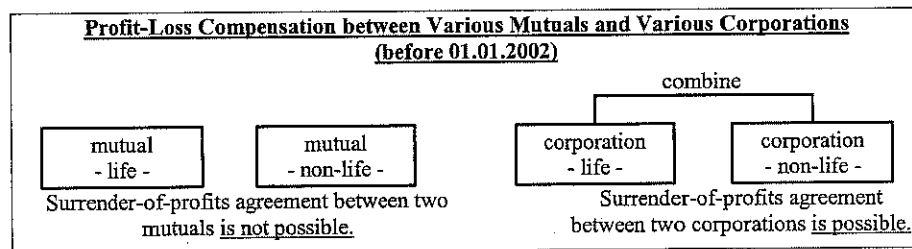
adjustment which are part of the sub-category concerned with client orientation. This mutual has also succeeded for some years in commanding a high market share and an outstanding position in its market segment, even despite fierce competition. Both, the present economic success and the future opportunities of this mutual were judged by ASSEKURATA as being very good⁹.

The situation for the bigger mutuals is rather differently. They offer various insurance-products, thus entering into direct competition with the big, insurance corporation. Since they have the same product strategies as the insurance corporations, the pressure to grow acts on them with particular urgency because they can only survive this highly intensive competition if they grow. In this respect, however, the bigger mutuals are at a disadvantage due to legal requirements in three ways:

- They are fiscally at a disadvantage, especially with regard to tax on profits¹⁰.
- They have substantially fewer opportunities of generating equity capital (internal growth).
- For them, external growth, in the form of mergers and associations, participation, formation of combines, is much more difficult to achieve than for insurance corporations.

3.2 Disadvantages of the mutuals due to taxes

Mutuals must have a general assembly of members or of representatives as their supervisory body. This means that mutuals that are part of a combine may not be controlled by other companies. However, this rule, which is in line with the member value approach, led - up to the end of the year 2001 - to a sizeable fiscal handicap for the mutuals compared with corporations. This is explained in the following example:



Unlike in other European states, the German insurance market consists of detached lines of insurance. Because of this, casualty, life, health and credit insurance business in Germany may not be pursued otherwise than through legally independent companies. In contrast to this, insurance corporations which form a combine under a surrender-of-profits agreement, the profits and losses can be set off against each other. If one of the companies of a combine made losses, the set-off of profits and losses could make the combine eligible for a reduction of its tax burden. This was not possible for the mutuals, with the result that the profits of more profitable fields always had to be taxed at the full rate (*See diagram: Profit-Loss Compensation ...*).

In the past, insurance corporations thus had the advantage of circumventing the detachment of fields through the formation of a combine with surrender of profits. Thus, they had an competitive advantage over insurance companies operating under other legal forms. This has been largely stopped with regulations for an interlocking relationship (called the *Organschaftsregel*) which became effective on 01.01.2002. This did away with the unequal treatment of mutuals and corporations; profits and losses of life or health insurance companies within a given combine could no longer be set off against taxes. The Mannheimer Insurance Company did, however, file a complaint with the Federal Constitutional Court¹¹. The Mannheimer Insurance Company argued that it was at a disadvantage by this law with *combines* in other branches, e.g., combines of banks. A complaint would have stood a fair chance of success, as some insurance products are in direct competition with bank products and therefore parallels exist with the banking sector. However, the interlocking-relationship rule applies only to insurance companies¹².

3.3 Opportunities and limits of generating equity capital a mutual

Insurance companies, regardless of legal form, require equity capital as security for their business activities¹³. Companies with a large equity capital basis have significant competition advantages over companies with limited equity capital. In this respect, the legal form a particular insurance corporation may have is irrelevant, as the commercial risk is independent of the legal form. There are various ways and means of increasing solvency. Insurance corporation may increase their equity basis through the issue of shares. This way is not open to the mutual. They are generally denied access to the capital market¹⁴.

Instead of issuing shares, mutual associations may issue *participating certificate* to build up a substitute for equity capital. A *participating certificate*, is a security or bond giving entitlement to a share in profits, but the subscriber does not thereby

⁹ ASSEKURATA Assekuranz Rating Agentur GmbH

¹⁰ Disadvantages with regard to turnover tax are less serious and are therefore not discussed here. On this point, and concerning further special tax problems of the mutual association, cf. Görg, Werner (1995)

¹¹ Financial Times January, 14th, 2002

¹² See § 14 Section 3, Körperschaftsteuergesetz (KStG) (Corporation Tax Law)

¹³ On the formation of equity capital, cf. Weigel, Hanns-Jürgen (1995)

¹⁴ Müller, Helmut (2000), p. 15

acquire any share in the company. However, these certificates may not be added to the equity in any amount exceeding 25% of the own resources stocks¹⁵.

The issue of *participating certificates* and further liabilities - this possibility is mentioned for the sake of completeness only - are merely special forms of the creation of equity capital. The path generally trodden by the insurance companies is the withholding (accumulation) of after-tax profits¹⁶. This involves allocating parts of the insurance premiums paid in by the members to the creation of equity capital. This method of amassing capital therefore does not tally with the members' interests, and moreover is a relatively costly operation since, as mentioned earlier, tax must be paid on the withheld profits beforehand.

In times of heightened competition leading prices to falling and tightening profit margins, it also becomes increasingly difficult to generate equity from premiums or out of profits¹⁷. This is particularly disadvantageous if the company is pushing for immediate growth. Mutuals then cannot achieve a quick increase of solvency. Furthermore, the equity requirements of insurance companies have been increased by EU directives. This applies in the first instance for liability insurance. However, up to 2009 the solvency rules will also be applied more strictly to life insurance by the EU. The EU is disposed to abolishing the possibility of life insurance companies writing up future profits and surplus fractions of insurance reserves as liability share capital¹⁸.

The new Basel II credit directives affect insurance companies only to the extent that certain insurance companies, such as the Nürnberger Insurance Company, also offers client-credits belonging to this insurer itself. In addition, some insurance companies offer the "civil servant's loan", which is secured by a potential attachment of salary and paid off through a life insurance. However, the insurance companies may expect fundamental changes in the medium-term future under the "Solvency II" project. The project is reported to be based on a study conducted only recently by auditing company KPMG. It is planned to restructure the solvency criteria throughout Europe. In one strand, account shall be taken of the new market requirements and, in another, the viability of the insurance companies shall be preserved in the interest of consumer protection.

3.4 Disadvantages of mutuals in times of external growth

External growth through mergers is quite difficult for mutuals. Within a combine, as already mentioned, a mutual, for legal reasons, must not be a controlled company. This would be inconsistent with the member orientation. Mergers between insurance companies of different insurance fields are, moreover,

impossible because of the detachment of fields. However, even a merger between insurance companies of the same field can run up against obstacles. One mutual cannot take over another unless the mutuals involved agree.

The process of reaching an agreement of this kind can be very protracted. And even when the executive boards and supervisory bodies of the mutuals have made up a merger plan, they still need the consent of the members or the representatives. A qualified majority of members or of representation, respectively must approve of a merger in order to put it through. The planned merger between the *Haftpflichtverband der Deutschen Industrie V.a.G.* (HDI) and the *Haftpflicht-Unterstützungs-Kasse kraftfahrender Beamter Deutschlands* (HUK-Coburg) failed to clear the members'-vote hurdle, although the management of these two insurance companies had reached agreement.

Of course a mutual also has the option of growing externally, by taking over an insurance corporation. In this case, however, the majority shareholding must be purchased by cash payment, while corporations are able to deploy their own shares as a substitute for cash in corporate acquisitions.

4. Possible ways of correcting the imperfections of mutuals

The German mutuals can choose between three possible ways of correcting their imperfections:

- demutualisation,
- creation of a business combine formed by uniting the interests of mutuals that remain legally independent,
- creation of a vertically structured parent-subsidiary relationship with a mutual insurance at the head.¹⁹

4.1. Demutualisation through conversing of the mutual into a corporation

Demutualisation, i.e., the conversion of an insurance mutual into a corporation, entails abandonment of co-operative structures and of the membership approach. This road has been taken in the USA, Canada, the United Kingdom, Australia, South Africa and Switzerland, and big traditional insurance mutuals were transformed into capital companies²⁰. The members of a mutual often vote in favour of such a conversion for purely financial reasons, since they change from being members to being capital share owners and may now possibly make profits on the stock exchange.

Demutualisation has the effect that the membership approach is supplanted by the shareholder value approach. But it is still questionable, whether this is to be evaluated as positive in terms of the overall economy and general economic interests. In the end, a specific form of company structure is lost, thereby reducing

¹⁵ See: § 53 c VAG (Insurance Control Law)

¹⁶ Weigel, Hanns-Jürgen (1995), p. 144

¹⁷ Müller, Helmut (2000), p. 15

¹⁸ See: EU directives 2002/12/ EC (on Life Insurance Companies) and 2002/13/EG (on Casualty and Accident Insurance Companies)

¹⁹ On the different types of concern, cf. Peiner, Wolfgang (1995); Mohr, Paul Günther (1995)

²⁰ Müller, Helmut (2000), p. 18 ff.

the diversity of form in the competitive process. Insurance corporations must, primarily, pursue the interests of their shareholders. The interests of the members or clients in the cover for particular risks are pushed to the background in favour of shareholder value.

On the German industry insurance market, for example, we encounter a situation that is probably yet to befall the private client sector due to increasing concentration. The suppliers of this market form an oligopoly with highly interdependent offerers. The *Deutsche Versicherungs-Schutzverband*²¹ (DVS) complained that insurance companies offering industry insurance aligned themselves strictly to the shareholder value approach and hardly considered the needs of the clients. They were concerned about the industrial companies no longer being able to find sufficient insurance cover, and about the commercial risk enormously increasing as a consequence²².

Demutualisation of insurance mutuals not only causes a loss of diversity of legal forms as a value *per se*. However, this may also be disturbing from a *competition policy* point of view if the structure of the insurance market is destabilised as a result of the conversion of mutuals into corporations. Mutuals are independent companies that cannot be controlled companies and, what is more, they are important factors driving competition, which cannot be easily taken over by others. This is a more straightforward proposition after conversion into a corporation. Whether this transformation is beneficial or detrimental to competition cannot be answered with any certainty. A hypothetical competition test would be necessary. However, any such test would also have to take into account a specific problem regarding competition, a problem that arises once the hitherto more-or-less large oligopoly in the insurance branch mutates, over the medium to long term, to become an oligopoly with highly interdependent offerers consisting only of a handful of big insurance corporations. In this connection, theory of industrial organisation does not rule out a slackening of competition as a result of collusive agreements and strategic behaviour on the part of the big companies acting as highly interdependent offerers on an oligopolistic market. In addition, after a demutualisation there could arise the question as to whether the newly-formed corporations are in the medium to long term pursuing a policy of cream-skimming in that they offer only such insurance services as happen to yield the highest profits for the shareholders. Such a business policy may result in gaps in the formerly comprehensive range of insurance products, and in certain risks no longer being covered.

The concept of mutuality and self-help is by no means a thing of the past. This can be seen not only from the existing mutuals that are quite competitive, but also from the fact that BASF (a German chemical combine) was made an "unacceptable" offer from the assurance branch in concerning with risk cover against terrorist

attack. BASF considered joining forces with other industrial combines and founding, as a means of self-help, an insurance company in order to provide adequate cover according to their own needs.²³

The biggest European insurance mutual, the *Standard Life*, with company headquarters in Edinburgh, Scotland, also showed that a demutualisation is not absolutely necessary for scoring economic goals. Standard Life booked a record result in 2001, and is one of only six insurance groups in the world to be distinguished by a Triple A given by international rating agency Standard & Poors and Moody's. The inclination of Standard Life to change its legal form is only slight²⁴.

On balance, the fact of the matter remains that, before embarking upon the course of demutualisation, other possibilities, that is, other legal constructions should also be tested that may perhaps cancel out the structural imperfections and problems of mutuals should also be taken into account. Demutualisation as a solution to the problem should be *ultima ratio* only.

4.2 The strengths and weaknesses of a business combine formed by uniting of interests

One possible way to maintain the member value approach and to adapt a mutual to the new challenges of the market may be found in the *business combine formed by a uniting of interests*. The main characteristic of such a combine is that the participating insurance mutuals keep their legal form and continue to be independent. They independently pursue operative insurance business. The mutuals, which may belong to the same insurance field or to different fields, set up a *holding company* (e.g., in form of a corporation), the principal function of which would then be the *general co-ordination* of group commercial activities.

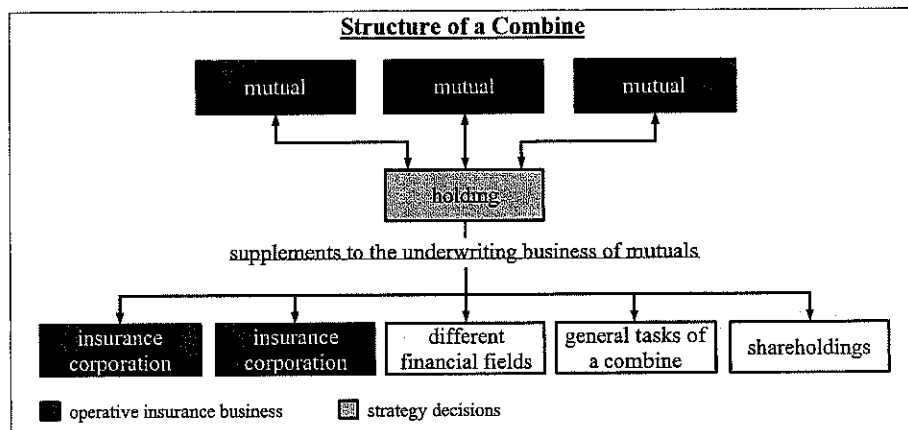
As a rule, the holding company is at the head of a combine, and controls its member companies. However, this does *not* apply to a business combine formed by uniting of interests, because according to German law, mutuals may not be controlled by a holding company. For this reason, the mutuals jointly form the top of such a combine. Their general members' assemblies or, as the case may be, their members' representations consequently remain the respective heads.

²¹ The DVS is an association of around 3,000 German enterprises and represents their interests in their capacity as holders of insurance policies

²² Handelsblatt: June, 12th, 2001 – No. 111, p. 36

²³ Süddeutsche Zeitung: January 16th, 2002 – No. 13, p. 23

²⁴ Handelsblatt: December 12th, 2001 – No. 235, p. 34



The fact that a holding company is created as a joint venture of the mutuals means that a close harmonisation and co-ordination of the commercial activities of the mutuals is possible. Other types of co-ordination on a contractual basis are also conceivable; they could range from informal co-operation to strong forms of management. A joint holding company with an executive board serving as a co-ordinating point of the combine certainly represents the more efficient form of management without the holding company controlling the mutuals.

To guarantee a close link between the holding company and the mutuals, the supervisory bodies and the executive boards of the participating mutuals and of the holding company, could, at least partially, be staffed by the same persons. It is expedient for the executive board of the holding company to consist of the board members of participating mutuals. Most combines have already introduced similar rules on the identity of persons of the executive boards.

Within this type of combine, the holding company attends to the typical combine issues, such as, for example, decisions with regard to the basic strategies of the mutuals, the financial participation of the holding company, the training of executives, auditing, analysis of internal statistics, accountancy and purchasing²⁵. In legal respects, however, the holding company is controlled by the *insurance mutuals*, not the other way around. This separates the combine formed by uniting of interests from a normal concern, which is organised around a clearly-structured hierarchy. Resolutions here are passed on from the management top-down, and are binding. Agreement within a combine formed by uniting of interests is more a matter of dialogues between the mutuals on the one side and between the mutuals

and the holding company on the other. This is therefore best described as “bottom-up” management.

By the same token, however, the transaction costs, above all the amount of time and effort, spent on co-ordination is higher in the combine formed by uniting of interests because the managing bodies of the mutuals are not obliged to submit to the resolutions of the hierarchically lower holding company. However, given the close relationship between the mutuals and the holding, especially as regards the identity of the persons working in their respective bodies, it is nevertheless safe to assume that conflicts occur only rarely, or are settled before decisions are finally made. In the case of decisions that are of fundamental importance, all general assemblies of members or of their respective representatives must agree.

It is possible for the insurance mutuals to set up further joint ventures in order to complement their own operative business. An example of this is an insurance corporation selling insurances without having an external desk, or one that works in a field of insurance in which the participating insurance mutuals do not operate. This may even be a company outside the insurance branch. The products offered could thus be extended by means of offering diversified financial products and services. The intermediate holding company could also make arrangement for certain tasks of a concern, such as purchasing or IT system administration, to be entrusted to a company of this kind. The operating company might be mentioned here by way of an example.

The creation of a combine by uniting of interests also opens the way for the insurance corporations to enter the capital market via the holding company and via the subsidiaries, albeit on a limited scale. The opportunities for the provision of capital are nowhere near the same as those enjoyed by insurance companies, which can generate fresh equity capital by issuing new shares. In a combine formed by uniting of interests, the allied insurance corporations remain legally independent. As mutuals, however, they cannot issue shares or even be listed on the stock exchange.

For combines formed by uniting of interests, external growth is possible in only two ways. The holding company may buy up companies and run them as subsidiaries or buy shares of other companies. It may also be possible to integrate new insurance mutuals into the combine by allowing them to participate in the holding company on an equity basis.

However, these advantages are opposed by three *weaknesses* that must be viewed against the background of intensive competition on the insurance market and against that of the objective of growth:

- Access to the capital market is possible to a limited extent only.
- The agreements based on dialogues between the insurance corporations and the holding company result in coordination that is time and effort consuming and thus leads to high costs. The problem is then aggravated if other

²⁵ Peiner, Wolfgang (2000), p. 140

insurance mutuals are integrated into the combine formed by uniting of interests.

- A tax-wise set-off of profits and losses between the allied insurance mutuals remains impossible. If the German Constitutional Court decides against the interlocking relationship rules (the "Organschaftsregel") to apply to life and health insurance, the insurance mutuals are even more at a tax-wise disadvantage in comparison to the insurance corporations.

4.3 Parent-subsidiary relationship with an insurance mutual as head of the combine

A further possibility for the larger insurance mutuals to face the new challenges of the market could be the setting up of a vertically structured combine along *parent-subsidiary* lines, with an insurance mutual put at the head. This structure is an attempt to heal the inherent flaws of the combine formed by uniting of interests and to keep the central ideas of the concept of mutuality and the membership approach.

The main characteristics of the parent-subsidiary type combine (*see diagram*) are that

- the combine is headed by a mutual,
- the mutuals united in the combine are transformed into corporations, and that
- the mutual sets up an intermediate holding company that co-ordinates and directs the activities of the insurance corporations that work in the operative field.

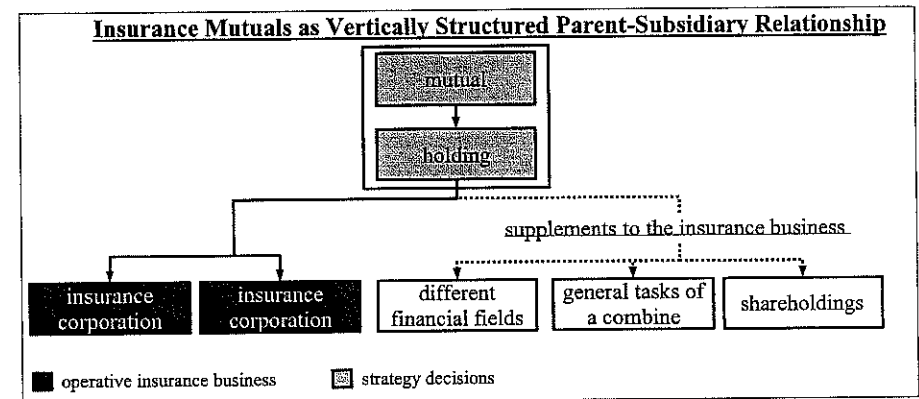
In keeping with the principle of mutuality and the membership approach, the top of the decision-making body of the parent subsidiary combine is occupied by a mutual. All clients of the insurance corporations also become members of the mutual, and are given the same membership rights in accordance with the law pertaining to mutuals. In legal respects, the holding company and the insurance corporations are subordinated to the mutual, hence the term "parent-subsidiary relationship", albeit in the typical mutualist structure.

The supervisory bodies of the mutual and of the intermediate holding company may be staffed by the same persons. The same applies to the executive boards of both these entities. This cancels out the formal and legal separation at the head of the combine. The insurance mutual and the intermediate holding company are in reality subsumed into a single unit. They consequently form the joint leadership of the combine.

The structure of the parent-subsidiary combine with an insurance mutual at the helm therefore departs only formally from that of a normal combine. As in every other combine, there is a clear hierarchical separation between strategic operations with regard to primary objectives of the combine and with regard to operative assignments. The principles and primary objectives laid down by the head of the

combine are then transferred to the lower levels via the organisational structure of the combine. In the case of a parent-subsidiary relationship with a mutual heading the combine, it is thus possible to transpose the principle of mutuality and the membership approach to the operative units. Consider, for example, the case of the *Gothaer Insurance Corporation*²⁶, where the membership approach is explicitly included in the articles of the combine and its companies.

The *Gothaer Insurance Corporation* also granted the general meeting of members and/ or the members' representation to be closely involved with decisions concerning the sale of blocks of shares of the holding company and of the operative subsidiaries. This demonstrates that a mutual-led parent-subsidiary combine is able to take special account of the membership approach, by means of special rules in the memorandum and articles of the combine.



The mutual is - as shown - also the head of the parent-subsidiary relationship. German mutuals law requires that an insurance mutual does in fact pursue insurance business activities, rather than function merely as member organ or, as the case may be, as superior representation of the members. In order to satisfy this law, the mutual, as head of the combine, therefore also does insurance business, although in a clearly reduced form, because the insurance business is mainly done by the insurance corporations working in the operative business.

4.4 Examples of a Parent-Subsidiary Relationship in Germany

The model of the parent-subsidiary relationship may be expected to gain ground in Germany. Also auditing company KPMG who published a study of the insurance market in 2001 regard it as a first step towards a solution for larger mutuals²⁷. In

²⁶ cf. Gothaer Konzern, Bericht über das Geschäftsjahr 2001

²⁷ KPMG (2001), p. 55 ff.

comparison to the combine formed by uniting of interests, the parent-subsidiary model proves to be superior in three respects:

- The capital market can be more readily opened up by insurance corporations.
- The management is strictly hierarchically structured.
- The tax-wise profit-loss set-off between the operative insurance corporations is possible in a parent-subsidiary relationship. For health and life insurance companies, the compensation of losses still remains impossible (due to the interlocking relationship rule), which however also applies to insurance corporations. The previously existing distortion of competition and discrimination against the mutuals would be removed by the creation of a parent-subsidiary relationship.

Various large mutual associations in Germany have been converted into parent-subsidiary combines. The Insurers *HUK-Coburg* and *HDI* have recently chosen this type of concern structure. The biggest German amalgamation of insurance mutuals, the *Parion-Konzern*, has also recently completed the conversion of a combine formed by uniting of interests into a parent-subsidiary relationship. The insurance companies involved were the *Gothaer Versicherungsbank VVaG*, the *Gothaer Life Insurance Company*, the *Berlin-Kölnische Health Insurance Company* and the *Asstel Life Insurance Company* (the three last mentioned were all mutuals before). The members of all these insurance mutuals were transferred to the *Gothaer Versicherungsbank* which, as a mutual, forms the head of the new combine.

To satisfy the legal regulations, the insurance business of the *Gothaer Versicherungsbank* was reduced to a minimum. Members of the mutual can now obtain a combined policy including a foreign travel and an accident insurance and a mutual assistance insurance²⁸. Apart from this combined policy, the insurance business is entrusted to the individual insurance corporations. The concept of mutuality is rooted in the memorandum and articles of the combine. The insurance corporations should likewise be managed according to this principle. To ensure this, the supervisory bodies and the executive boards of the *Gothaer Versicherungsbank VVaG* and of *Parion Finanzholding AG* are staffed by the same persons. Similar rules apply to the supervisory bodies and the executive boards of the operative insurance corporations. In order of the member value approach to be also applied to the operative business, the members of the board of *Parion Finanzholding AG* (and therefore also members of the executive board of the mutual) also partially perform tasks in the executive boards of the operative insurance corporations. The situation is much the same for the supervisory bodies of the insurance corporations. The appointment of an in-house ombudsman for members' complaints would also be in line with the membership approach.

²⁸ Members who were formerly members of one of the involved mutual associations before their restructuring into parent-subsidiary relationships receive this pass free of charge. New members must pay a small contribution for it. This combined policy is linked to an insurance contract with one of the operative insurance corporations. If this insurance contract is terminated, the combined policy automatically also ceases to apply, and membership of the *Gothaer Versicherungsbank* is terminated as well.

5. The parent-subsidiary relationship with a mutual as head - a suitable solution of the problems of mutuals

5.1 The special value of diversity among insurance companies

The answer to the general question as to how the demutualisation and transformation of mutuals into public corporations is to be judged, depends on the underlying valuation criteria.

There are, even in these present times of pressure to adapt to the opening-up of markets, obvious reasons for regarding the great variety and diversity of the institutions and enterprise structures as a special meta-economic value *per se*. These many and various structures are best placed to cater also for the diversity of interests within the free democratic constitution of our society. Heterogeneous ways of conducting a business therefore promote the liberal nature of society. It is precisely the co-operatives, self-help organisations and cooperative-like mutuals based on the principle of personality and identity that can - subject to the proviso that they successfully meet the needs of their members and clients and are also being efficiently run - serve as key elements of the German social market economy. Membership and shareholder value approach may usefully co-exist and complement each other in an economy which today is defined and dominated by private capital and private property rights. Finally, the answer to the question as to whether mutuals represent a value *per se*, is a normative value-judgment that is a matter of meta-economical opinion and that depends on the general affirmation or negation of the variety of institutional structures within our society.

5.2 Demutualisation as *ultima ratio*

If one answers the question about the sense and value of the mutual in view of the present-day economic and social conditions in the affirmative, we may well reconsider whether we should stand idly by and simply accept the demutualisation processes. Mutuals undoubtedly have, as has been shown, inherent imperfections that put them at serious disadvantages in a growing, highly competitive EU-market. Nevertheless, the extreme solution of demutualisation need not be immediately rushed at. There are other solutions in between the polar opposites of retaining the original mutuals and demutualisation resulting in a corporation; there are ways and means that may contribute to a minimisation of the imperfections of mutuals without immediately surrendering the basic concept of the membership approach, i.e., the principle of mutuality and personality.

5.3 The parent-subsidiary relationship as an intelligent solution

The *parent-subsidiary relationship* may be regarded as an intelligent solution effectively combining the membership approach with the shareholder approach. The parent-subsidiary relationship still is, at core, a mutual because its general assembly of members which is also the primary decision-making body with

comprehensive control and decision-making powers acts according to the principles of a mutual. The exercise of these powers admittedly no longer is the concern of the insurance corporations (in a decentralised fashion) but of the mutual as the head of the combine. To that extent, the parent-subsidiary relationship is accompanied by a certain dilution of members' rights. This, considering the many advantages of the parent-subsidiary relationship, would be acceptable. However, the central ideas of the membership approach are still maintained. The intermediate holding company is not entitled to control the parent-subsidiary relationship, but rather co-ordinates the insurance business of the insurance companies (which are fenced off into separate fields). These are then converted into capital companies (i.e., corporations) and are responsible for the operative insurance business of the different insurance fields.

The advantages of this legal construction are obvious:

- A mutual remains at the head of the decision-making body. Its general assembly of members and/ or members' representation keep the rights characteristic of mutuals.
- The insurance corporations, in their capacity as capital companies or, as insurance corporations, may pursue all the activities that insurance corporations in general happen to pursue, such as the provision of capital by means of participating in another company or via the stock exchange, or even through mergers. These decisions must be ratified by the mutual, that is, by its general assembly of members.
- Synergies and economies of scale and, consequently, cost reductions and an increase of productivity can be more readily attained within the framework of the parent-subsidiary relationship than under an insurance mutual or a combine formed by uniting of interests.
- Identity of the personnel serving on the executive boards and the supervisory bodies of the holding company and the insurance corporations is one way to keep staff costs down to a tenable level.
- The insurance corporations can form advisory committees, which are also staffed by members. They may be given comprehensive rights to be informed about the corporation's activities.
- Given their far-reaching powers, the members' representatives as the head of the mutual and the advisory committees must meet even higher standards in the exercise of their control and their decision-making functions than used to be the case in the mutual before.
- Whether they are meeting such standards at present is an open question. In any case, higher standards must be set with regard to the professional training of the members' representatives and, consequently, also with regard to the corresponding selection procedure. In this respect, the existing practice of selection must be subjected to critical examination.
- The future joint control that consists of the members' control (at the head) and of additional controls on the part of the equity owners or of the stock exchange will have a positive effect on the overall control. This will especially be the case if the

corporations, for reasons of provision of capital, allow of the participation of third parties or are even introduced on the stock exchange. But this may, however, give rise to new conflicts between members' interests and equity owners' interests.

- The mutual parent-subsidiary relationship therefore represents a suitable solution that skilfully unites the membership approach with the shareholder value approach. It can ensure that in the future, mutuals can remain active competitors on the insurance market. If the insurance corporations succeed, under the new legal requirements, in using the member value orientation in a more sustained fashion, they can go a long way towards stabilising their position in the market in connection with the effects of the new organisational structure.

This is also to be judged positively from the viewpoint of *competition* and *industrial organisation*²⁹. The oligopoly in the industrial insurance branch, for instance, has shown that, with fewer competitors in the market and a one-sided reliance, namely of the supply-side, on the shareholder value approach, the demand for insurance services can be satisfied only in an unsatisfactory manner. True, there are currently many suppliers in the German insurance market but, through mergers, appears to be approaching the state of a narrow oligopolistic market with highly interdependent offerers. When we consider that in the new organisational structure the mutual, as head of the combine, also offers protection against unfriendly take-overs, then growing mutuals - precisely due to their remaining on the market and their severe competitive activity - are able to contain and mitigate the negative macro-economic effects upon competition leading to further oligopolisation. The stabilisation of the mutuals would contribute to a workable competition and to a competitive EU insurance market. This would consequently also serve the general economic interests.

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²⁹ On competition between different institutional arrangements, cf. Cox, Helmut (2001)

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**INSTITUTIONAL ORGANISATION AND COST PERFORMANCE:
EVIDENCE FROM THE NURSING HOME INDUSTRY**

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1. Introduction

Switzerland is a modern federal state composed of 26 cantons and approximately 3000 municipalities.¹ This federal state is characterized by a high degree of decentralization in the provision of public services. Article 3 of the Federal Constitution grants large autonomy to the single cantons in the sectors that are not regulated directly by the constitution itself, among others the health and social care sector. For instance, each canton is very independent in the organization and regulation of the provision of long-term care for elderly people. Moreover, some cantons decentralize this task to the communes (local government), while others tend to organize the provision of this service at the cantonal level. This autonomy of the cantons creates a strong heterogeneity in the organization and regulation of the nursing home sector within Switzerland.

Generally the long-term care for the elderly is supplied by private for-profit nursing homes, local government nursing homes and nonprofit nursing homes, respectively.² Moreover, nonprofit nursing homes are generally foundations created by private people or, in few cases, by municipalities. This mixed economy that characterizes the long-term care market raises the interesting issue of the effects on costs of the different ownership and institutional organization form. A number of recent studies have compared the cost efficiency of nonprofit and for-profit hospitals and nursing homes.³ However, little empirical analysis has been done in the comparison of the cost efficiency of government and private nonprofit nursing homes. In this paper we are interested to test empirically whether nonprofit nursing homes are more efficient than local government nursing homes. For this purpose we estimate a cost function using data for a sample of nonprofit nursing homes (public and private) operating in Ticino, a canton of Switzerland with a population of approximately 300.000 and an area size of 2812 km squared.⁴ The test is performed by introducing in a cost model specification a dummy variable to differentiate two forms of organization: private nonprofit nursing homes and local government nursing homes.

The paper is organized as follows. Section 2 presents the organization of the nursing home sector in Canton Ticino. Section 3 discusses the cost model; section 4 presents the data, while section 5 illustrates the empirical results. Section 6 concludes the paper.

¹ 23 cantons, 3 are further divided in 2 semi-cantons. The most populated canton is Zurich with approximately 1.2 million inhabitants; the smallest is Appenzell Aargau with little more than 15,000 inhabitants.

² In the last 15 years the average dependence and need for medical care of the residents of the Swiss nursing homes has substantially risen. At present almost all nursing homes have adapted the training of their staff and the infrastructure in order to be able to provide health care services to their patients. Therefore, the Swiss nursing homes are providing social care services as well as health care services to their patients.

³ See for example Vitaliano & al. (1994), Bradford and Mobley (1997) and McKay (1988).

⁴ We choose to utilize the data on the nursing homes of Canton Ticino, because the cantonal department responsible for the social policy has constructed an interesting data set (panel data) on the nursing homes.

2. The organization of the nursing home sector in Canton Ticino

The nursing home sector in canton Ticino, with over 50 homes, represents an important element of the social care sector for elderly people. The most important characteristics of this sector are:

- a variety of institutional forms operating on this market,
- a heavy regulation by the state,
- a large financial support in the form of subsidies from the state. However, in the majority of the Swiss cantons only public nursing homes and non-profit nursing homes receive subsidies from the government.

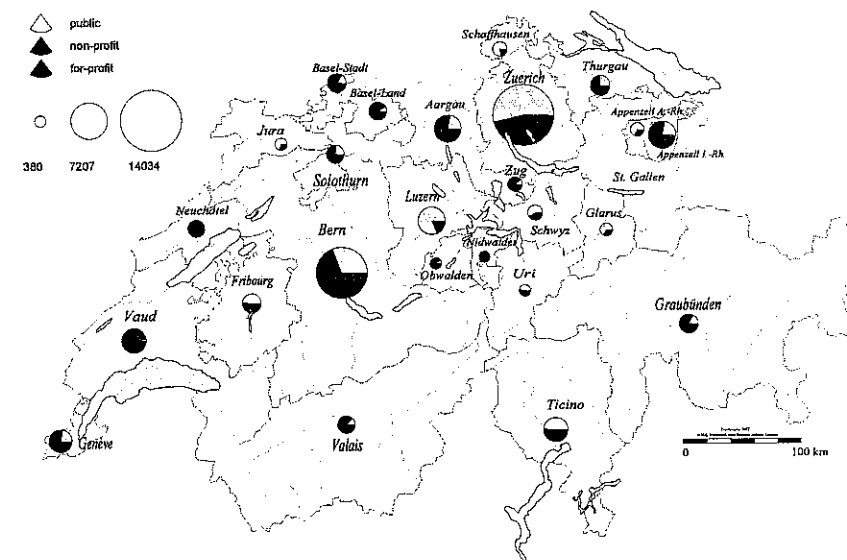
In canton Ticino, as well as in other Swiss cantons, there are different institutional forms of businesses operating in the nursing home sector, i.e. private for-profit nursing homes, non-profit private institutions and public institutions.

In figure 1 a pie chart which represents the distribution of beds in the public, private non-profit and private for-profit nursing homes has been drawn within each canton.

The volume of this pie-chart corresponds to the total number of beds available in each canton, whereas the division of the pie-chart into three slices reflects the relative weight of public, private non-profit and private for-profit nursing homes.

As shown by the total number of beds in public, private non-profit and private for-profit nursing homes (see figure 1) in all Swiss cantons there is a clear majority of non-profit nursing homes (i.e. public and private non-profit institutions). However, in some cantons there are more public institutions and in others more non-profit private institutions. In canton Ticino there are 23 public nursing homes, 19 private non-profit nursing homes and 12 private for-profit nursing homes. Therefore, there is a prevalence of public and non-profit institutions.

Figure 1: Number of beds in public, private non-profit and private for-profit nursing homes in the Swiss cantons



Economists generally regard competitive markets as being the best way to promote an efficient allocation of resources. However, they recognize that there are circumstances that lead to a failure of the markets to bring about an optimal allocation of resources. Competitive markets fail in the nursing home industry for three basic reasons: (1) the local natural monopoly argument, which is typical of nursing homes in peripheral areas, (2) the lack of comprehensive information on the quality of care for the users of residential services and (3) the merit goods argument. In the latter case the state considers the services provided by nursing homes to be a merit good and therefore he recognises the need to give them a financial contribution through the general fiscal system and to regulate their tariffs. For these reasons the government of canton Ticino has adopted the following forms of regulation: the approval of the daily rates, the definition of the minimum necessary infrastructure and staff requirements, the control of the supply capacity in terms of beds, and the concession of a financial contribution in the form of subsidies. However, only local government nursing homes and non-profit nursing homes receive subsidies from the government.

The regulation of the nursing home sector adopted in canton Ticino has shown at least three implications:

- the subsidized price of residential care determines a significant increase in demand. The subsidized daily rates give families an incentive to off-load care of their elderly relatives onto the state. This means that services that would

otherwise be provided for by the relatives who provide care are passed onto institutional organizations.

- To counteract this "blown-up demand", the state controls the supply side by erecting barriers to entry to the market. For instance, in order to be entitled to a possible subsidy to operating costs and to health insurance reimbursement for medical care herein delivered, a nursing home has to figure in the nursing home planning of the canton.

The gap between supply and demand makes the use of a rationing tool necessary; in the case of nursing homes of canton Ticino, this is represented by waiting lists.

3. A Total Cost Function for the Nursing Homes

A nursing home can be represented as a firm transforming two inputs into patient-days of residential health and social care for elderly people. Moreover, in the cost model specification we take into account a number of output characteristic variables, which should capture, at least partially, the heterogeneity and quality dimension of the output of a nursing home.

Assuming that output and input prices are exogenous, and that (for a given technology) firms adjust input levels so as to minimize costs, the firm's total cost of operating a nursing home can be represented by the cost function

$$TC = h(Y, Q1, Q2, PK, PL, DNP, DAPP, T) \quad (1)$$

where TC represents total cost and Y is the output represented by the total number of patient-days of nursing home care. PK and PL are the prices of capital and labor, respectively. Q1 is an index that measures the average required assistance of a home's patients with normal daily activities such as eating, personal care or performing physiological functions. This output characteristic variable is calculated yearly by the Regional Department of Public Health. Q2 is the ratio of the number of nurses employed by a nursing home to the number of nurses that should be theoretically employed according to the guidelines of the Regional Department of Public Health.⁵ The variable Q2 should reflect the quality of the output and the production process, even though in a partial and indirect way. Of course, we are aware of the difficulty and complexity of measuring quality of care in the nursing home sector and that our measure of quality, Q2, does not totally reflect the quality of nursing home care. Unfortunately, our data set does not contain other information on quality measures for nursing homes such as process, outcome or other structural variables.⁶ However, the fact that the nursing homes of our sample are extensively regulated and operate under cantonal laws and

⁵ The nursing homes are not obliged to exactly follow the guidelines of the regional Department of Public Health.

⁶ See Cohen and Spector (1996) and McKay (1988) for a similar approach when considering some measures of quality in a cost model for nursing homes. Cohen and Spector (1996) measured quality of care by case-mix adjusted staff to resident ratios. McKay (1988) used "nursing hours per patient" to measure quality in her study of nursing home costs.

regulations, reduce the problem to have a high heterogeneity in the quality of services.

In order to test for the effects of the form of the institutional organization on the cost efficiency we introduce in the model a dummy variable DNP that is equal 1 for nursing homes managed by a nonprofit organization and 0 for nursing homes managed by the local government. This is the most important difference between this model specification and the model specification employed by Filippini (2001) for the same sample of nursing homes.⁷ Moreover, we introduce in the model a second dummy variable, DAPP, in order to distinguish nursing homes that offer the possibility for a relatively small part of the people to live with a small support in an apartment located besides the main building. T is a time variable, which captures the shift in technology representing change in technical efficiency.

The properties of the cost function (1) are that it is concave and linearly homogeneous in input prices and non-decreasing in input prices and output.⁸

To estimate the cost function (1), a translog functional form is employed. This flexible functional form is a local, second-order approximation to an arbitrary cost function. It places no a priori restrictions on the elasticity of substitution and allows the economies of scale estimate to vary with the output level.⁹ The translog approximation to (1) is

$$\begin{aligned} \ln\left(\frac{TC}{P_K}\right) = & \alpha_0 + \alpha_Y \ln Y + \alpha_{Q1} \ln Q1 + \alpha_{Q2} \ln Q2 + \alpha_L \ln\left(\frac{P_L}{P_K}\right) + \frac{1}{2} \alpha_{YY} (\ln Y)^2 + \frac{1}{2} \alpha_{Q1Q1} (\ln Q1)^2 \\ & + \frac{1}{2} \alpha_{Q2Q2} (\ln Q2)^2 + \frac{1}{2} \alpha_{LL} \left(\ln \frac{P_L}{P_K}\right)^2 + \alpha_{YL} \ln Y \ln \frac{P_L}{P_K} + \alpha_{YQ1} \ln Y \ln Q1 + \alpha_{YQ2} \ln Y \ln Q2 \\ & + \alpha_{Q1Q1} \ln Q1 \ln Q1 + \alpha_{LQ1} \ln \frac{P_L}{P_K} \ln Q1 + \alpha_{LQ2} \ln \frac{P_L}{P_K} \ln Q2 + \alpha_{DNP} DNP + \alpha_{DAPP} DAPP + \alpha_T T \end{aligned} \quad (2)$$

Note that by normalizing total cost and input prices by one of the input prices, we impose the theoretical condition that the cost function is linearly homogeneous in input prices.

In order to improve the efficiency of the estimation of least squares parameter estimates for the cost function, a cost system is estimated. This system consists of the translog cost function (2) and the factor share equation for labor.¹⁰

⁷ Filippini (2001) estimated a cost function for using the same data set of this study. However, this author did not analyze the impact of the institutional form on the efficiency.

⁸ See Cornes (1992), p.106.

⁹ A translog function requires the approximation of the underlying cost function to be made at a local point, which in our case is taken at the median point of all variables. Thus, all independent variables are normalized at their median point.

¹⁰ The price by which we normalize is that of the input whose share equation we dropped from the estimating system (capital).

4. The data

This study is based on a combined time series and cross-sectional data set for 36 government nursing homes and nonprofit nursing homes operating over the period 1993-1995 in Canton Ticino.¹¹

Total cost is taken to be the total expenditures of the nursing homes. Output is measured in total number of patient-days of nursing home care. Average yearly wage rates are estimated as the weighted mean of the average wage rates of the different professional categories working in a nursing homes: doctors, nurses, administrative and technical staffs.

Following Friedlaender and Wang Chiang (1983), Filippini and Maggi (1993), and Filippini (2001), the capital price is calculated from the residual costs divided by the capital stock. Residual cost is total cost minus labor cost. According to Wagstaff (1989), the capital stock is approximated by the number of beds owned and operated by a nursing home. Unfortunately no data are available which would allow us to calculate the capital stock using the capital inventory method. The quality indicators, Q1 and Q2, are calculated yearly by the regional Department of Public Health. All input prices, total costs and variable costs were deflated to 1996 constant Swiss francs using the Consumer Price Index.

Some details of these variables are presented in Table 1.

Table 1: Descriptive statistics

Variables	Unit of measurement	1. Quartile	Median	3. Quartile
Total cost	SwF.	2498000	3412500	4736300
Labour price	SwF. for worker unit	68862	71654	75110
Capital price	SwF. for a unit of capital	8828	10119	11900
Output	total number of patient-days	15160	20187	26733
Q1	index	2.27	2.44	2.59
Q2	%	80	89	95

5. Empirical Results

In this section we report the econometric results obtained from estimating the total cost function model specified in equation (2) and using the data described in the previous section.¹²

For comparison purposes, we also present the results obtained from estimating a Cobb-Douglas version of the cost model (1).¹³

The estimated coefficients of the translog cost model and of the Cobb-Douglas model are presented in Table 2. The estimated functions are well behaved. Most of the parameter estimates are statistically significant and there is a high degree of similarity between the coefficients obtained from the two versions of the cost function. The estimated coefficients of the output and of the labor price are very similar, whereas the coefficients of the two output characteristic variables, Q1 and Q2, are slightly different. Further, the coefficient on DNP shows the same direction in both models.

To determine which of the two versions of the cost function model is statistically preferable we employ the Likelihood Ratio test by maintaining the unrestrictive translog model as full specification and treating the Cobb-Douglas model as restricted specification. The result of this test shows that the set of restrictions on the parameters of the translog cost function implied by a Cobb-Douglas technology can be rejected at the five percent significance level. The translog specification is, therefore, used in all the following analysis.

¹¹ Unfortunately, no data are available for private for profit nursing homes.

¹² The multivariate system of equations (2) and (3) has been iteratively estimated using the Zellner (1962) procedure for seemingly unrelated regressions. The model has been estimated using the computer program LIMDEP 7.0.

¹³ Filippini (2001) employs only the translog functional form.

Table 2: Total cost parameter estimates (standard errors in parentheses)

Parameters	Translog	Cobb-Douglas
Constant	15.037*** (0.017)	15.052*** (0.024)
Y	0.855*** (0.022)	0.860*** (0.023)
Q1	0.833*** (0.087)	0.659*** (0.090)
Q2	0.629*** (0.046)	0.412*** (0.034)
PL	0.817*** (0.002)	0.873*** (0.034)
YY	0.267** (0.068)	-
Q1Q1	0.012 (0.708)	-
Q2Q2	0.445** (0.123)	-
PLPL	0.107*** (0.006)	-
YQ1	0.019 (0.220)	-
YQ2	-0.356** (0.121)	-
YPL	0.006 (0.006)	-
Q2PL	0.082*** (0.008)	-
Q1PL	0.189*** (0.021)	-
Q1Q2	0.056 (0.243)	-
DAPP	-0.005 (0.017)	-0.028 (0.029)
DNP	-0.028** (0.011)	-0.045** (0.020)
T	-0.011** (0.006)	-0.002 (0.010)
R ²	0.981	0.978

*, **, *** significantly different from zero at the 90, 95 and 99 % confidence level.

The empirical results are satisfying in so far as all first order coefficients and most of the second order coefficients of the translog cost model are significant and carry the expected signs.¹⁴ As can be seen, the corrected R² for the model is also satisfying with a value of 0.98.

Since variable cost as well as the dependent variables are in natural logarithms and have been normalized, the first order coefficients are interpretable as cost elasticity evaluated at the sample median. The output elasticity is positive and implies that a 1% increase in the number of patient-days of nursing home care will increase the total cost by approximately 0.85%.

The cost elasticity with respect to the output characteristics variables, Q1 and Q2, are positive and imply that an increase in the average required assistance of a home's patients or an increase in the ratio of the number of nurses employed by a nursing home and the optimal number of nurses will increase total cost. The estimated coefficient for time (proxy for technical change) is negative and significant, showing the presence of neutral technical change.¹⁵

5.1 Institutional organization and cost performance

The coefficient of the DNP dummy variable shows the direction and the magnitude of the effect of the institutional organization on costs. The negative coefficient on DNP implies that non-profit nursing homes have, ceteris paribus, significantly lower costs than public nursing homes.¹⁶ This difference in costs between non-profit and public nursing homes may be attributed to different bureaucratic and organizational constraints, which characterize the production process of public nursing homes. The typical principal-agent problems within public nursing homes are more complex than in non-profit nursing homes. In the case of a non-profit nursing home, the management itself only answers to the members of the executive committee (representative members of the beneficiaries), and the employment relationship involves the management and the employees. Within the public sector, the chain of command from the electorate to the management goes through the parliament, the government and the government-appointed commission responsible for public nursing homes. Public firms involve many principal-agent relationships, and agency problems can arise at each level. In a private non-profit

¹⁴ Parameter estimates of the cost function satisfy the regularity condition of concavity in input prices at the median point of approximation, which requires that the own-price elasticity of inputs be negative and that

the Hessian Matrix, $[\partial^2 C / \partial w_i \partial w_j]$, be negative semi-definite. Because homogeneity in input prices and symmetry of the second order terms were imposed, the estimated functions satisfy all regularity conditions of a theoretically valid total cost model.

¹⁵ Technical change is defined as neutral if at points on the expansion path the marginal rate of substitution is independent of time. See for a presentation of this concept Chambers (1988).

¹⁶ It should be noted that in Crivelli et al. (2002) the same coefficient was statistically not significant. However, Crivelli et al. (2002) employed a completely different data set (composed of 886 Swiss nursing homes for the year 1998) and a different econometric approach (stochastic cost frontier). One possible reason for this different result could be the huge heterogeneity in the regulation across the 26 Cantons, which increases the problem of separating the effect of ownership and regulation on the cost function.

nursing home the chain of command from the beneficiary category to the management only goes through the executive committee of the non-profit organization. Thus, in the case of non-profit nursing homes there is a more effective democratic control by the beneficiaries of the services than in the case of public nursing homes.¹⁷ Finally, private non-profit homes are less politicized than state-owned firms.¹⁸

5.2 Economies of scale

Scale efficiency indicates the degree to which a company is producing at optimal scale. Frisch (1965) defines the optimal scale as the level of operation where the scale elasticity is equal to one. Economies of scale (ES) are defined as the proportional increase in total cost resulting from a proportional increase in output (Y), holding all input prices and output characteristic variables fixed. This is equivalent to the inverse of the elasticity of total cost with respect to the output (Caves, Christensen, and Tretheway 1984):

$$ES = \frac{1}{\frac{\partial \ln TC}{\partial \ln Y}} \quad (3)$$

We will talk of economies of scale if ES is greater than 1, and accordingly, identify diseconomies of scale if ES is below 1. In the case of $ES = 1$ no economies or diseconomies of scale exist. Economies of scale exist if the average costs of a nursing home decrease as output increases.

Table 5 shows some summary statistics of ES calculated for the nursing homes of our sample.¹⁹ The value of economies of scale ranges from a minimum of 0.96 to a maximum of 1.23, while the median value is 1.13. This result shows that the majority of Swiss nursing homes operate at an inappropriately low scale.

Table 3: Summary statistics of economies of scale (ES)

	1st quartile	Median	3rd quartile
ES	1.14	1.17	1.12

¹⁷ For an interesting presentation of this argument see Enjolras (2000, 2002).

¹⁸ The private nature of these nonprofit organizations makes them free from the so called political constraints. For instance, the process for an appointment of a general director for a public nursing home can be influenced by political parties.

¹⁹ Equation (3) has been evaluated at the input prices and output characteristics variables, Q1 and Q2, of the single nursing home.

6. Conclusion

The paper considers the estimation of a translog cost function for a sample of 36 Swiss nursing homes using panel data for the period 1993-1995.

The empirical evidence indicates the existence of economies of scale at most output levels. Nevertheless, there is no considerable cost reduction following an increase in the nursing home capacity to approximately 80 beds. This result suggests that efficiency gains could result from merging smaller nursing homes (with a capacity of 40 beds) operating in the same area. Of course, mergers between two small nursing homes do not, as a rule, result in single larger nursing homes. However, this merging strategy could generate multiple-plant (chain) nursing homes. In this case, multiple-home economies of scale could result from the joint purchase of food, medicine and medical supplies. Or chains of nursing homes could reduce labor costs by sharing some clinical and administrative functions. Moreover, capital costs could be reduced thanks to the ability of larger businesses to negotiate lower interest rates.

Further, the empirical results indicate that the effects of economies of scale on costs should be taken into account when planning the size of new nursing homes. However, nursing homes should not reach an overly large size, because this could determine a deterioration of the quality in terms of human contacts. This is, of course, a very important factor that must be considered in the evaluation of a merger strategy.

Finally, the results of this analysis show that government nursing homes appear to have higher costs than non-profit nursing homes when other factors are taken into consideration. It is unclear what the sources of the cost differences are, but they may reflect the different bureaucratic constraints, which characterize the production process of public homes.

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LES ASSOCIATIONS DE FORMATION :

QUELLES SPECIFICITES?

par

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Introduction¹

Les associations, et d'une façon plus générale le tiers secteur, sont devenues depuis quelques années l'une des préoccupations croissantes des économistes (Nyssens, 1998), même si, dans le cas de la France, le domaine reste finalement peu exploré (Enjolras, 1995 p. 38). Le poids économique des associations – près de 5% de l'emploi total, c'est-à-dire autant que l'agriculture² – n'est sans doute pas indépendant de cet intérêt. Parallèlement aux interrogations académiques, aujourd'hui comme hier, elles continuent à représenter « ...une "alternative" à la production à but lucratif, au secteur public, et au travail domestique gratuit, pour répondre à une demande sociale vaste et diversifiée, soucieuse de "vivre et produire autrement"... » (Lipietz, 2001, p. 38). Ces espoirs supposent, néanmoins, une spécificité des associations par rapport aux autres types d'organisations (privées ou publiques) œuvrant dans le même champ.

Notre contribution vise à interroger l'existence, ou non, d'une telle spécificité dans le secteur de la formation. Ce dernier mérite notre attention à deux égards. D'une part, il représente l'un des quatre grands secteurs dans lequel se sont développées les associations (Archambault, 1999, p. 15). D'autre part, la formation est l'objet d'une attente sociale importante. Elle est présentée comme l'un des principaux moyens permettant ou facilitant l'insertion et la réinsertion.

Les réponses que nous apporterons constituent la base d'une recherche en cours au niveau théorique et empirique. Notre contribution comporte trois parties. La première est théorique. Elle prend pour point de départ les théories traditionnelles de l'économie de l'éducation et leurs limites. Elle rappelle que l'accent mis dans ces approches sur le produit de l'éducation s'est fait au détriment de l'analyse du processus (Bailly et Chatel, 1999) et du type d'organisation (privée, publique, associative). Pour comprendre la spécificité du produit de cette dernière forme d'organisation, l'économiste de l'éducation est amené à mobiliser un autre champ théorique, celui de l'économie des associations. Un travail reste à faire pour intégrer les développements de ces deux champs disciplinaires. D'un point de vue empirique, ces théories, et en particulier en France, ont fait l'objet de peu de travaux. L'exploitation d'une base de données originale permet de donner un premier éclairage factuel à la question de la spécificité. C'est l'objet de la seconde partie. Les questions qui en découlent sont traitées dans la dernière partie.

1. Économie de l'éducation et économie des associations

1.1 L'économie de l'éducation

L'éducation n'est pas un thème de réflexion nouveau pour les économistes. Les Classiques en débattaient. Mais en tant que champ disciplinaire, l'économie de

¹ Je tiens à remercier E. Chatel, C. Daverne, B. Enjolras et M. L. von Bergmann-Winberg pour leurs remarques et suggestions sur une version antérieure de ce texte.

² Archambault (1999, p. 14).

l'éducation est née dans les années 50 aux Etats-Unis (Eicher, 1990). Très tôt, les analyses se sont concentrées sur les caractéristiques du produit de l'éducation. Pour les présenter rapidement et comprendre leurs limites, nous retiendrons la distinction généralement utilisée entre économistes orthodoxes et hétérodoxes.

Becker (1964) représente le chef de file de l'approche orthodoxe en économie de l'éducation. L'analyse du produit qu'il propose s'appuie sur deux hypothèses centrales. Selon la première, le passage des individus par le système éducatif augmente leur productivité et leur salaire. Mais ces caractéristiques ne sont liées ni à une analyse du fonctionnement interne de l'organisation éducative - le processus d'apprentissage (Bailly et Chatel, 1999) - ni au type d'organisation qui dispense la formation. L'absence de réflexion sur ce qui se passe en amont du produit s'explique par la référence de Becker à une économie de marché externe, c'est-à-dire à une économie de concurrence pure et parfaite. De là découle la seconde hypothèse d'absence d'incertitude sur les caractéristiques du produit : le marché du travail est un marché à information parfaite.

La vision beckerienne du produit de l'éducation sera contestée par d'autres économistes orthodoxes. Ils ne proposeront pas pour autant une analyse de l'organisation éducative. Ainsi, pour Spence (1973), l'éducation produit une information utilisée par les entreprises pour réduire l'incertitude qui pèse sur le recrutement. La valeur prédictive de cette information est réévaluée par les firmes une fois le salarié mis au travail. Au terme de ce processus d'essais-erreurs, elles finissent par découvrir la « vraie » qualité des futurs embauchés : le marché du travail est transparent. Arrow (1973) en propose une version extrême en considérant que l'organisation éducative n'apporte rien. Elle ne fait que révéler les qualités propres des individus.

Les économistes hétérodoxes ont accordé une plus grande attention au processus de production du produit de l'éducation. Les radicaux américains (Gintis, 1971) intègrent le fonctionnement interne de l'organisation éducative par la prise en compte des relations enseignants/enseignés. Celles-ci seraient organisées sur le même mode que la relation employeurs/salariés dans l'entreprise : (i) l'élève est dirigé dans la classe par l'enseignant comme le salarié est dirigé dans l'entreprise par son supérieur hiérarchique (ii) le système éducatif forme à la ponctualité et à la discipline, qualités également exigées par le monde du travail (iii) l'esprit de compétition est encouragé dans les deux types d'organisation (iv) enfin, dans les deux types d'organisations, les incitations à l'effort sont liées à des récompenses autres que la satisfaction au travail. L'éducation modèle donc les comportements pour rendre les futurs salariés mieux adaptés aux besoins des entreprises. Thurow (1975) reconnaît également l'influence de l'éducation sur les comportements et met l'accent sur la capacité d'apprentissage qu'elle produit : l'école apprend à apprendre. C'est ce qui intéresse l'employeur au moment de l'embauche. En effet, pour Thurow, la productivité n'existe pas avant le recrutement. Elle prend naissance dans l'entreprise, lors de la mise au travail, par apprentissage. Enfin, nous pouvons également citer les travaux de Nelson et Phelps (1966). Ces économistes mettent l'accent sur la capacité de l'éducation à faciliter la réception,

le décodage et la compréhension de l'information : les individus mieux éduqués seront aussi plus à même de s'adapter.

Malgré ces tentatives pour prendre en compte ce qui se passe en amont du produit, les économistes de l'éducation, dans leurs approches traditionnelles, ne semblent pas s'être posés la question de l'influence du type d'organisation - publique, privée ou associative par exemple - sur les caractéristiques du produit³.

Une première manière de répondre à cette objection est de considérer que le produit d'organisations différentes est, finalement, assez peu différent. Certains travaux qui traitent de l'insertion de personnes en difficulté, *via* les organisations spécifiques de l'économie sociale, peuvent s'interpréter de cette façon. Par exemple, il est possible de considérer que, tout comme l'école, l'organisation d'insertion permet d'augmenter le capital humain des individus en transmettant les connaissances de base qui manquent (Erhel et alii, 1996, p. 285). Il est également possible de considérer qu'elle modifie les attitudes et les comportements (Eme, 1998, p. 302) : « les comportements d'apprentissage de normes, de valeurs, de conduites, sont au cœur du dispositif d'insertion par l'économie » (Ballet, 1997, p. 62). Enfin, le passage des individus par ces organisations d'insertion pourrait aussi leur permettre de signaler leurs qualités aux futurs employeurs (Ballet, 1997, pp. 118-119).

Mais en quoi le produit de ces organisations, analysé en terme de capital humain, de signal ou d'influence sur les comportements, se distingue-t-il du capital humain, du signal, de l'influence sur les comportements que produit, par exemple, l'école ? L'idée de ces analyses est qu'il existe une spécificité⁴. Comment en rendre compte ?

1.2. L'économie des associations

Les analyses traditionnelles de l'économie des associations, qui naissent dans les années 80, permettent d'en préciser la spécificité⁵.

Selon Weisbrod (1975) les associations ont un rôle complémentaire de l'intervention publique. Les pouvoirs publics ne peuvent, en effet, satisfaire l'ensemble des besoins. Les citoyens non satisfaits ont alors trois possibilités : migrer, créer un gouvernement local ou une association. Les raisons qui expliquent le choix d'une de ces modalités - donc la création d'associations - plutôt que d'une

³ Même limitée à l'école, la question de l'influence du type d'organisation se pose. En effet, une part variable selon les pays de la formation scolaire est réalisée dans des structures sans but lucratif (James, 1987).

⁴ C'est ce que relève, par exemple Ballet (1997), lorsqu'il note que le signal peut jouer un rôle de sélection négative et renforcer l'exclusion, en indiquant que l'individu n'a pas pu s'insérer « normalement » sur le marché du travail.

⁵ La question de la spécificité n'est pas indépendante d'autres préoccupations relatives aux raisons d'existence des associations car « ce sont certaines des spécificités de ce secteur qui semblent en justifier l'existence » (Gadrey, 2000, p. 601).

autre, ne sont pas explicitées par Weisbrod. James (1993, 1987) précise l'analyse de ce dernier, en soulignant que la spécificité des associations consiste à fournir un service que l'Etat ne fournit pas en quantité ou en « qualité » suffisantes. Le premier cas est caractéristique des pays en voie de développement. Le second, au contraire, se rencontre dans les situations de diversités culturelles, religieuses, linguistiques importantes. Selon James, le secteur associatif présente d'autres spécificités liées à son mode de fonctionnement. Pour attirer de nouveaux adhérents, les associations peuvent pratiquer des prix en-dessous de ceux qui maximisent le profit, mais surtout elles bénéficient d'une main d'œuvre bénévole. Cela constitue un avantage dans le secteur éducatif où le facteur humain est le principal facteur de production.

Salamon (1987) conteste l'analyse en terme de complémentarité proposée par Weisbrod et James. La spécificité des associations ne tient pas à leur capacité à répondre aux besoins non satisfaits par l'Etat, mais à faire émerger des besoins nouveaux. Cette spécificité rencontre des limites qui amèneront, à terme, les pouvoirs publics à les prendre charge ; ces derniers pouvant, dans un second temps, s'appuyer sur les associations pour prolonger leur intervention.

Enfin, Hansmann (1980) souligne le rôle informatif du statut d'association. Si l'on peut s'attendre à ce que le producteur privé d'un bien ou d'un service abuse de l'asymétrie informationnelle qui caractérise certains échanges, il en est différemment des services fournis par les associations. Leur non lucrativité est, en effet, un gage de confiance et la marque de leur spécificité.

Ces travaux ne proposent pas une analyse du produit selon les concepts habituels de l'économie de l'éducation⁶. Mais ils soulignent l'influence du type d'organisation – ici l'association – sur les caractéristiques du produit et montrent l'importance du travail théorique qui reste à réaliser à l'économiste de l'éducation pour lier l'amont (le processus d'apprentissage et surtout le type d'organisation) et l'aval (les caractéristiques du produit).

2. La spécificité des associations

Au-delà du débat théorique, cette question est aussi de nature factuelle. Les espoirs qui peuvent être mis dans la manière des associations de faire les choses autrement sont-ils réellement justifiés ? Les travaux empiriques qui y répondent, et en particulier les travaux français, sont, à notre connaissance, assez peu nombreux. Nous souhaiterions apporter un éclairage à partir de l'exploitation d'une base de données originale qui recense l'offre de formation professionnelle dans la région Haute-Normandie⁷. Les variables dont nous disposons sont loin de la forme idéale qu'elles devraient prendre pour tester les hypothèses théoriques. Elles permettent néanmoins d'alimenter la réflexion.

⁶ Une certaine proximité existe, par exemple, entre Hansmann et Spence.

⁷ Cette base a été constituée et mise à notre disposition par le Crefor de Haute-Normandie. Nous tenons ici à le remercier. Cette base est annuellement renouvelée. La version dont nous disposons date de janvier 2001.

La notion de spécificité, ou de non spécificité, des associations est une notion complexe. En première analyse, elle peut être appréhendée à partir de la « technologie » de production et des objectifs des associations. Plusieurs variables de la base de données permettent de repérer la technologie : le lieu de formation, le rythme de la formation, l'effectif, ou encore la durée. Ces variables ne sont disponibles que pour les actions de formation financées par des fonds publics. En ce qui concerne les objectifs, ils peuvent être saisis par le niveau de qualification du public accueilli et la valeur ajoutée de la formation, mesurée par la différence entre le niveau d'entrée et le niveau de sortie. Les organisations qui proposent des actions de formation peuvent être classées en quatre types, dont le détail est donné en annexe : les associations (Assos), les organisations sous tutelle d'une autre structure professionnelle (OST), les organisations dépendant des pouvoirs publics (PP) et les structures privées (Privées). Au total, 1508 actions de formation sont comptabilisées. Elles se répartissent de la façon suivante selon le type d'organisation : 729 pour les associations, 221 pour les OST, 467 pour les PP et 91 pour les structures privées.

2.1 La spécificité de la technologie de production

Au regard des tableaux suivants, la technologie de production des associations semble peu différer de celle utilisée par les autres types d'organisation recensés dans la base de données. Les formations dispensées le sont en centre (tableau n°1) avec une période en entreprise qui représente en moyenne près de 30% du temps de formation (tableau n°3). Si cela est systématique pour la catégorie des organismes sous tutelle, c'est le cas de 75% des actions de formation réalisées par le secteur privé et 80 % de celles dispensées par les associations. Ces dernières, comme les autres type d'organisation, proposent des formations à temps plein et en continu (tableau n°2). Enfin, on note une différence sensible dans les temps de formation. Les entreprises privées proposent des formations plus courtes que les autres organisations : à peine 700 heures contre, par exemple, près de 900 heures pour les associations et 1000 heures pour les organismes sous tutelle (tableau n°3). Le type de public qu'accueillent les associations, et dont nous verrons plus bas les caractéristiques, demande plus d'attention. La durée des formations en est la contre partie. Cela peut aussi expliquer les légères différences observées dans les effectifs de formés (tableau n°3). Les organismes sous tutelle ont les effectifs les plus faibles (13 personnes) les structures privées et celles qui dépendent des pouvoirs publics, les plus élevés (16 personnes). Les associations accueillent en moyenne 15 personnes.

Tableau n° 1 : Lieu de formation selon le type d'organisation

	Assos	OST	PP	Privées	Total
Non déterminé	6,17				2,98
Centre de formation	12,07		14,56	17,02	11,38
Centre avec période en entreprise	80,66	100	85,22	74,47	84,51
Centre de formation (inter)				4,26	0,26
Entreprise	0,41				0,20
Centre permanent	0,55		0,21	4,26	0,60
Chantier école					
Enseignement à distance	0,14				0,07
Séjour à l'étranger					
Total	100	100	100	100	100

Source : crefor – nos calculs.

Tableau n° 2 : Rythme de formation selon le type d'organisation

	Assos	OST	PP	Privées	Total
Non déterminé	12,35	3,17	6,21	1,10	8,42
Continu temps plein	86,97	96,83	89,51	98,90	89,92
Continu temps partiel	0,27		4,28		1,46
Discontinu temps plein	0,27				0,13
Discontinu temps partiel	0,14				0,07
Cours du soir					
Cours du samedi					
Adapté à la demande					
Total	100	100	100	100	100

Source : crefor – nos calculs

Tableau n° 3 : Durée des formations et effectifs selon le type d'organisation

	Assos	OST	PP	Privées	Total
Effectif total	15	13	16	16	15
Durée totale	881,63	1042,02	798,42	677,74	867,06
Part en entreprise	29,47	34,39	26,84	28,83	29,34

Source : crefor – nos calculs

Note : AF = actions de formation

2.2 La spécificité des objectifs

La spécificité des objectifs recherchés et atteints par les associations semble un peu plus nette. Comme l'indique le tableau n°4, toutes organisations confondues, la plupart des actions de formation est destinée à des publics de niveau moyen⁸, c'est-à-dire de niveau 4 et 5. Elles représentent 46% des actions de formation proposées par les associations - c'est le pourcentage le plus faible - contre, à l'autre

extrémité, 75% pour les organismes sous tutelle. En contre partie, les associations se tournent vers un public de moindre qualification. En supposant, en effet, que les formations sans pré-requis ou fonction des acquis sont d'un niveau inférieur ou égal au niveau 6, c'est près d'une action sur 3 qui est destinée aux personnes de niveau 6. Ce type de public n'est concerné que par une action de formation sur 10 dans les organisations privées (c'est la part la plus faible) et une sur cinq pour celles dépendantes des pouvoirs publics.

En plus d'accueillir un public faiblement qualifié, les associations sont aussi parmi les organisations qui ont une valeur ajoutée importante (tableau n°5). Les actions de formation réalisées par les associations aboutissent dans 45% des cas à un niveau de sortie plus élevé que le niveau d'entrée. Si ce comportement caractérise également les organisations sous tutelle et celles dépendantes des pouvoirs publics, ce n'est pas le cas des organisations privées. Seulement 14% des actions de formation qu'elles proposent débouchent sur un niveau de formation plus élevé. L'essentiel de leur formation (77%) se fait à niveau équivalent. Il faut sans doute voir là le choix d'une politique de formation qui vise à la reconversion des personnes formées, c'est-à-dire à un changement de spécialité ou une remise à niveau. Le même constat peut être fait si l'on raisonne sur les seuls niveaux de formation 5 et 6 (tableau n°6).

Tableau n°4 : Part (en %) des niveaux de formation à l'entrée de la formation selon le type d'organisation⁹

	Assos	OST	PP	Privées	Total
Non précisé	7,27		7,92	7,69	6,43
Niv 1	4,39		0,43		2,25
Niv 2	8,92	0,90	1,71	3,30	5,17
Niv 3	2,47	5,88	5,57	8,79	4,31
Sous-total niv 3 et +	23,05	6,787	15,63	19,78	18,17
Niv 4	15,36	24,89	12,85	10,99	15,72
Niv 5	30,59	50,23	52,03	58,24	41,78
Sous-total niv 4 et 5	45,95	75,11	64,88	69,23	57,49
Niv 6	22,36	17,65	17,77	10,99	19,56
Pas de pré requis	8,09	0,45	1,71		4,51
Fonction des acquis	0,55				0,27
Sous-total niv 6 et -	31,00	18,10	19,49	10,99	24,34
Total	100	100	100	100	100

Source : crefor – nos calculs

Note : La catégorie « sous-total niv et - » suppose que les actions de formation qui ne nécessitent pas de pré requis, ou celles qui sont fonction des acquis, sont d'un très faible niveau.

⁹ Certaines actions de formation réalisées par une même organisation débouchent sur ou sont ouvertes à des niveaux de qualification différents. Dans ce cas, nous avons considéré pour une même action de formation, et pour l'ensemble de la base de données, qu'il y avait autant d'actions de formation différentes qu'il y avait de niveaux de qualification d'entrée ou de sortie différents.

⁸ Les niveaux 4 et 5 correspondent respectivement au bac, BT, BP, d'une part et BEP, CAP d'autre part. La nomenclature précise de chaque niveau de formation est donnée en annexe.

Tableau n° 5 : part (en %) des différences entre le niveau de formation d'entrée et le niveau de formation de sortie selon le type d'organisation tous niveaux confondus

	Assos	OST	PP	Privées	Total
Niv S<E	2,14	0,45	0,49	8,64	1,73
Niv S=E	54,09	57,27	47,43	77,78	54,01
Niv S>E	43,77	42,27	52,08	13,58	44,26
Total	100	100	100	100	100
Nbre d'action de formation	562	220	409	81	1272

Source : crefor – nos calculs

Note : L'expression S>E indique que le niveau de sortie est plus élevé que le niveau d'entrée. Ce calcul ne porte que sur les formations dont le niveau est clairement identifiable, c'est-à-dire les formations de niveau 1 à 6.

Tableau n° 6 : part (en %) des différences entre le niveau de formation d'entrée (5 ou 6) et le niveau de formation de sortie (5 ou 6) selon le type d'organisation

	Assos	OST	PP	Privées	Total
Niv S<E	0,63	0,67	0,00	1,67	0,48
Niv S=E	66,35	68,00	53,40	86,67	63,32
Niv S>E	33,02	31,33	46,60	11,67	36,20
Total	100	100	100	100	100
Nbre d'act de form	318	150	309	60	837

Source : crefor – nos calculs.

Note : les niveaux 5 et 6 sont groupés pour éviter d'avoir des populations d'une taille trop faible.

3. Les questions que cela pose

Les éléments factuels et théoriques avancés posent un certain nombre de questions qui délimitent les objectifs de nos recherches à venir.

❖ Au niveau empirique, l'analyse des variables doit être approfondie. D'abord, la capacité de chacune d'elles à traduire un comportement spécifique est à préciser. Par exemple, pouvons-nous nous attendre, et pour quelles raisons, à ce que les associations aient recours à des formations de durée plus longue ou à des modes et des rythmes de formation différents des autres organisations ? Ensuite, les éventuelles différences de comportement doivent être appréciées de façon plus certaine par le recours à l'économétrie. Enfin, les données ne concernent que les actions de formation financées sur fonds publics. Elles doivent être étendues, dans la mesure du possible, aux financements privés pour limiter les biais.

❖ La spécificité, tant d'un point de vue empirique que théorique, est appréhendée de façon statique. DiMaggio et Powell (1983) défendent, au contraire, l'idée d'une évolution des organisations au cours de leur vie qui peut aboutir, à terme,

à la perte de la spécificité initiale. Cette tendance s'impose également aux nouvelles organisations qui rentrent dans le champ d'activité. Trois forces poussent, selon DiMaggio et Powell, à ce qu'ils nomment l'isomorphisme institutionnel¹⁰ : l'isomorphisme coercitif, l'isomorphisme mimétique et l'isomorphisme normatif. Ces forces correspondent respectivement à (i) l'influence exercée par d'autres organisations ou des pressions culturelles. Par exemple, le gouvernement peut exiger l'adoption par les organisations de normes antipollution ou une entreprise mère peut imposer des normes comptables ou des critères précis d'évaluation des performances à ses unités filiales (ii) l'imitation des comportements, qui dans un contexte d'incertitude, réduit les coûts d'apprentissage. Ce mimétisme se diffuse, par exemple, à travers le turn-over du personnel, les associations de professionnels ou les consignes des cabinets de consultants (iii) la professionnalisation. Le passage des individus par les mêmes écoles, leur recrutement selon les mêmes critères ou leur appartenance aux mêmes associations professionnelles leur donnent une vision similaire des problèmes et des solutions à apporter, les rendant presque « *interchangeables* » (DiMaggio et Powell, 1983, p. 152). Le secteur associatif, et en particulier celui de la formation, est soumis à ces différentes pressions (Enjolras, 1996, pp. 74-75) : (i) l'Etat peut imposer des comportements aux associations en contrepartie des financements publics (ii) les méthodes des formateurs des associations d'éducation populaire et des formateurs d'entreprises, initialement différentes, ont fini par se ressembler (iii) enfin, on assiste au développement du salariat et à la création de diplômes spécifiques.

- ❖ L'analyse empirique doit tenir compte de ces éventuels changements le long du cycle de vie des organisations. Notre objectif de constituer une base de données sur plusieurs années devrait permettre de répondre d'un point de vue factuel à cette question.
- ❖ La construction d'une analyse théorique de la spécificité permettant de comprendre le lien entre les caractéristiques du produit et le type d'organisation ne doit-elle pas intégrer la particularité du champ étudié : l'éducation ? En effet, la relation entre l'enseignant et l'enseigné ne peut pas être appréhendée selon une logique de fonction de production qui pourrait prendre des formes différentes selon le type d'organisation. L'acte d'enseignement¹¹ ne reste-t'il pas, au contraire, fondamentalement basé sur une relation unique entre l'enseigné et l'enseignant (Murnane et Nelson, 1984 ; Chatel, 2001), ce qui le rendrait indépendant du type d'organisation ? Le fait que dans notre base de données des organisations accueillant des publics différents recourent à des modalités similaires en termes de lieu et de rythme de formation, n'irait-il pas dans ce sens ?

¹⁰ A côté de l'isomorphisme institutionnel, il existe une autre forme d'isomorphisme que ne retiennent pas les auteurs : l'isomorphisme compétitif, qui correspond à l'isomorphisme exercé par les pressions concurrentielles.

¹¹ N'en serait-il pas ainsi d'un grand nombre de relations de service ?

- ❖ Enfin, l'analyse proposée suppose implicitement une certaine proximité à l'intérieur d'une même catégorie d'organisations. Ne pouvons-nous pas considérer, au contraire, une hétérogénéité dans la mesure où, comme le suggère Enjolras (1999, pp 116-122), les associations empruntent à des logiques différentes qui devraient être source de comportements et d'objectifs différenciés ?

Conclusion

L'importance tant du nombre de personnes qu'elles ont sous leur responsabilité - salariés et bénévoles - que des budgets concernés ou des missions qui leur sont confiées (Archambault, 1999) fait que les organisations sans but lucratif constituent un secteur économique à part entière qui revendique, néanmoins, sa manière de faire les choses « autrement ». Au-delà des intentions, pouvons-nous vraiment parler d'une spécificité du secteur associatif ? Les premiers éléments présentés incitent à la prudence, mais ils incitent aussi et surtout à poursuivre la réflexion déjà engagée. Elle est fondamentale pour le tissu associatif qui doit, pour préserver son identité, mesurer et regarder de façon « lucide » (Enjolras, 1999, p. 125) cette réalité.

Annexe

Définitions et sources

Les différentes structures dispensant des actions de formation continue sont codées par le crefor selon leur statut juridique. Nous les avons regroupées en 4 catégories :

- Associations : associations régies par la loi de 1901
- Organismes sous tutelle : organismes émanant d'un syndicat patronal, organismes émanant d'un syndicat de salariés, organismes émanant d'une organisation professionnelle, organismes émanant des CCI, organismes émanant des chambres d'agriculture, organismes émanant des chambres de métiers.
- Pouvoirs publics : administration de l'Etat, collectivité territoriale, établissement d'enseignement relevant du ministère chargé de l'éducation nationale, établissement d'enseignement relevant du ministère chargé de la santé, établissement d'enseignement relevant du ministère chargé de l'agriculture, établissement d'enseignement relevant du ministère chargé des affaires maritimes, établissement d'enseignement relevant du ministère chargé du travail, établissement public à caractère industriel et commercial, établissement public à caractère scientifique, culturel et professionnel, établissement public administratif, GIP, centre de formation des collectivités publiques
- Privées : EURL, Formateur individuel, S.A, S.A.R.L., S.N.C., société civile, société en participation, commandite, société de fait.

Les niveaux de formations suivent la classification ci-dessous :

- Niveau 1 : niveau bac + 5 et plus
- Niveau 2 : niveau bac + 3, bac +4
- Niveau 3 : niveau bac+2
- Niveau 4 : niveau bac, BT, BP
- Niveau 5 : niveau BEP, CAP, brevet des collèges, CFG
- Niveau 6 : fin de scolarité obligatoire

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CONCLUSIONS

by

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The CIRIEC Transversal Working Group on Plural Economy was confronted with a wide-ranging task to solve the complex of problems of how and with what mix could the best or even optimal solution be found and under what circumstances, as for the saturation of general interest. Last, but not least, the variation in the construction of organisation and bodies, or policies for taking care of general interest, vary in a global perspective, and are thus only partly comparative. Instead, our research project has taken place in a context of discovery, trying to shed some light on the mix, and stating some country studies or good practices. It seemed an impossible task for this first endeavour to come up with a coherent theory, and consistent case studies, and thus our aim with this first study is to detect similarities in the ways general interest services are taken care of, and analyse differences in terms of methods and views on what it should comprise.

By the initiative to form a CIRIEC working group with a transversal and interdisciplinary focus on plural economy, a first step towards an analysis of the relationships between the public and the social economy, private and public organisations, as well as for-profit and non-profit organisations, in their respective supply of social and general interest services, has been taken. The issue has both theoretical and practical implications: the construction of a general scope and national variations of the concept of general interest, and the structural organisation of national solutions to the concept; i.e. relations of complementarity, supplementarity or competition between public, private and third sector bodies or organs. Interpretation of the concepts above vary, including also the notions of partnership and solidarity, which certainly seem closer connected with the social economy.

The Transversal CIRIEC Working Group has also fulfilled the ambitions of cross-disciplinary research, with a certain emphasis though on economics. Nevertheless, we have to recommend further research as for explaining the differences between the various forms of organisation and their respective strengths on the one hand, and the potentialities for cooperation and partnership on the other. An ambition this study could not accomplish, was the aim of a historical study of the origin of the concepts, with the major exception of the introductory article by Bernard Enjolras.

This first collective work is rather an effort towards orientation of the field and national variations on different architectures of general interest satisfaction, articulating different types of organisations, all variations from public to private, including social economy, to for-profit and non profit organisations. Our comparative perspective enables us to gain insights into the socio-economic subset of general interest satisfaction, and one of the aims for this publication is to analyse and focus on the complementarities between various types of organisations. We have not yet reached the point where every country could evaluate the relative weight of each type of organisations, but have merely been able to follow some organisational development over time for the chosen sectors of social service. We recommend a further study aiming at typologies and hierarchies

of different socio-economic architectures of general interest satisfaction in a global setting, where new models appear, due to globalisation and new EU directives on the provision of social service, in the context of new tendencies of social policy and welfare production. We take for granted that a more profound theoretical modelling also aim at interdisciplinarity in its approach for a greater understanding of the deviances between the models. Likewise, it seems important to be able to determine the factors that could explain the variations of the models and in the context of the respective roles for the market, legislation on the public, private and third sector.

In this volume, we have not restricted the scope to certain sectors, nor levels of government. Instead, this is a first attempt to clarify how either good examples or practices of combinations of public-private or social economy in various States have been initiated and been practically implemented. The examples chosen here show a marked interest especially in the social economy, with some examples also of a well-functioning co-operation with the public sector. A limitation to only a few sectors would have been preferable in terms of results, and could have shed some light on the efficacy of the differing modes of production, or the reasons why certain mixes of production have come about. An analysis of the plural economies and their respective actors might likewise have been fruitful, in terms of objectives and produced results, both in a quantitative and qualitative sense.

However, in this first publication on this chosen theme, our intention, because of the difficulty to find a coherent structure for all the contributions, has mainly been fact finding out of national cases in a context of discovery. Our suggestion for a forthcoming study is either a restriction to a few chosen sectors, or alternatively a choice of national models of great interest to the topic to be analysed against empirical national data. This would add to the homogeneity of results, also in terms of new and fertile theory-building around the concept of general interest.

We have acknowledged a shift of paradigms as for the technology, globalisation and modernisation, not to mention the potential convergence of national systems over time. The interest in countries with a substantial focus on the public sector as main producer of social services, and a comprehensive structure for general interest welfare have likewise experienced a paradigm shift, in that the small voluntary sector has grown substantially with much more pronounced demand for organisational and output efficiency. State for new modes of production and the awakened interest by the EU Commission for the contribution of the third sector has put another emphasis on the social economy, not only for certain sectors, but also within certain regions. Other States with long traditions for civic society cultures have experienced new modes for cooperation and production of social services among companies and associations within all the three sectors, i.e. public, semi-public, private and third sector.

This publication is subdivided into sections on the theoretical conceptualisation of general interest, as against market intervention and globalisation, whereupon a

section of country applications and illustrations, also in terms of regulation, institutional forms and performance, follow.

In the first major conceptual contribution, Bernard Enjolras in his "Beyond economics, social change and general interest" lays the emphasis of the scope of this key concept for the Transversal Group. Is general interest equivalent to public interest, and does it comprehend the common interest as understood by the social economy? General interest is not an absolute notion, but rather a social construct, where as much the scope, content and the modes of organisation of the production of services of general interest vary over time and space. These different architectures, articulating different types of organisations, are possible to identify at the intersection of the market, the State and the civil society. Here the author also provides an analysis of the major trends and a sociological reading of the economic discourse on the topic.

The article "Taking general interest into account in in Québec. New articulation between individual, collective and general interest" by Luc Bernier, Marie Bouchard and Benoît Lévesque is an important contribution from a non-European country and conceptualising the general interest organisation in Canada. Their interest focuses on the modes of governance between the collective (State, syndicalist or cooperative) enterprises engaged in the economic development in Québec seen from the angle of risk capital. The historical and globalisation impact on the development in Québec is highlighted as against the corresponding advance of the concept of general interest.

Giuseppe Bognetti analyses in his article "Non-profit sector and the welfare system" the non-profit sector out of a setting where the limit to public sector expansion seems evident because of public sector deficiencies and fiscal crisis, and the lack of trust likewise seems to be a problem, which the public sector shares with the market and its special rigidities. Thus the non profit sector represents an interesting and useful alternative which naturally varies in most countries as far as its types and models are concerned, but which tend to be found in more or less the same sectors. An inverse relationship seems to be found between producing units, i.e. the greater the number of public producers, the smaller the number of non profit units. Both types have their drawbacks in terms of efficiency and meeting customer needs and priorities, and questions concerning their status as for degree of autonomy, control and independence might play a substantial role for their successful performance.

The Swedish interpretation of social economy is presented in the article "The new interpretation of the Swedish model" by Marie-Louise von Bergmann-Winberg and Ann-Mari Säre Åhlander. In the study, the development of local partnerships between the public sector and the social economy in Sweden, analysing what role new co-operatives/social enterprises could potentially play. The article also highlight the need for formalising the provision of social services rendered within the third sector, but with links to the public and semi-public sector. Are they thus

complimentary or supplementary producers of social welfare, compared to the public sector output in Sweden? Recent research states that this might be discussed in the context of a new paradigm within Nordic research.

A further Nordic perspective is introduced by Gurli Jacobsen in her contribution "Forms of organisation in the "social economy" in Denmark in dynamics with the public sector – new organisational patterns". In this paper, which is closely related to the topic of the Transversal Group, Jacobsen explores the dynamics between choice of organisational forms within the social economy and its relationship to the public sector, arguing that the particular dynamics between the public sector and the third sector influences the types of formal organisation chosen, which in turn affects the leadership and organisational culture in these organisations. Denmark, as against other Nordic countries, seems to favour variations of the non-profit foundation.

Peter Eichhorn discusses in his article "EU-Principle of competition and non-statutory welfare" the New Political Economy effect on the EU economic system and its consequences for non-market services in terms of being subject to competition. The number of contractors increase in a pluralistic market structure whereby the private-commercial contractors subsist as the largest group within Germany in addition to public sector services to the non-statutory welfare. The strategy of market segmentation includes an increasing specialisation in respect of the customer groups, where performance and subsidiaries are decisive for production, but where the former service principle superimposes, but does not replace the commercial principle. All these factors seem to gain the development of the incentives for production in terms of general interest.

"Recent structural developments among Mutual Insurance Associations in Germany: Insurance mutuals as vertically structured combines - An attempt to join the member approach with the shareholder-value approach" is the title of the article by Helmut Cox and Olaf H. Bode. The authors deal with the insurance market and the competition situation for the mutual and holding group corporations, stating that the insurance branch is among the most competitive markets for the financial services both in Germany and other European States. Their interest concerns also the market shares for the mutual corporations and other types of associations in the insurance market as against new EU directives, deregulation and international competition. The mutual associations have considerable structural drawbacks compared to insurance companies, and are thus subject to conversion to corporations or mutual holding corporations, in some instances though are able to combine the membership and the shareholder functions.

Luca Crivelli and Massimo Filippini examine cost development structure in nursing home industry in their article "Institutional organisation and cost performance: evidence from the nursing home industry", along the lines of argumentation that this is an issue of great concern to Swiss policy makers because

of the explosion of elderly care costs and an aging population. Different forms of institutional organisations compete; private for-profit, government and non profit nursing homes, and the question is what organisation could be characterised as the most cost efficient. Effects of economies of scale are important, but not beyond a certain level, whereafter a model with multi-plant or chain nursing homes might be a better solution. The non profit nursing homes on the whole taken seemed to have the lowest costs, which might be due to different bureaucratic constraint and management.

Franck Bailly asks in his commentary "Training associations: what specificity?" about the specific organisational traits within the associational spectre between private and public. After a theoretic exposition, he performs a comprehensive statistical analysis with empirical data from Haute-Normandie, where the results among other things show a marked difference as for organisational age, structure and size, apart from the judicial division into various types of association from public to private.

Our aspiration is not to summarise the findings in this volume; instead, we prefer to suggest some continued research on the topic, which we feel must be of essential value to CIRIEC in terms of topical or focused research on the issue of transversal economies. We also find the apparent trend to shifting paradigms in the global economics interesting and even more how this relates to development of the public, the private and the social economy and the relations between all these sectors. We realise, however, that the third sector up to now does not play any major role in all the presented national case studies yet, but we postulate that this development and various forms of co-operation will continue and that the mix of welfare or social service producers will definitely increase over time, thus making the contribution of all the sectors vital. In this volume, the articles on social economy are predominant, because of the chosen topics of the authors, but we also call for more of research on the public sector (and the private) in closer co-operation with the third sector and new models for this in respect to the new global challenges.

What we hope by this study is a greater understanding of potential models for working life and the production of social services, as we can see that no single national model could be applicable for producing services for all sectors of the Welfare State, nor all types of consumer or client needs. Or as Pestoff puts it, neither public, private nor cooperative models alone provide a panacea for producing all types of services for everyone in modern societies (Pestoff 2002, 250). We simply in this volume would like to enhance national models with potential relevance to other countries, given the shift of paradigms in modern economic systems where some countries seem to have been faced with these challenges earlier than others, and thus even have learnt to cope with these in other ways than the traditional division of Welfare States according to a Northern-Middle-Southern European dimension.

Learning to achieve a convergence in understanding of the reality behind the concepts was a noteworthy ambition, that was partly realised by the selected articles and the respective countries. Still, we enhance further studies to complete the picture. The potential re-definition of the concept of general interest has still to be undertaken, on the basis of more empirical research and national case studies. As is it, we have been able to state a change of paradigms, which permeates much of the individual contributions and make them comprehensible as parts of the picture. On the topic of the third sector, the question is whether or not they offer services of a better quality in a broad sense coping better with the preferences of the customers or members, and this goes for most of the combinatory efforts of common public-private-third sector cooperation. However, we did not explicitly deal with the last dimension in this publication, but wanted to raise the issue in the context of a new paradigm within mainly European research on the topic of the transversal economies.

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CONCLUSIONS

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Le Groupe de travail transversal du CIRIEC « Economie plurielle et régulation socio-économique » s'est attelé à la question complexe de la solution optimale à apporter au problème de la prise en charge de l'intérêt général. De plus, les types d'architecture caractérisant les différentes organisations et les politiques de prise en charge de l'intérêt général varient dans une perspective globale, et ne sont donc que partiellement comparatifs. Notre projet de recherche a été mené dans un esprit de découverte, tentant de faire la lumière sur cette diversité de faits tout en s'arrêtant sur quelques études nationales et pratiques intéressantes. Il semblait impossible, pour une première tentative, de parvenir à élaborer une théorie cohérente et des études de cas solides ; nous avons donc orienté cette première étude vers le repérage de similarités dans la manière dont les services d'intérêt général sont pris en charge, et l'analyse des différences en termes de méthodes et de philosophie.

La mise sur pied d'un groupe de travail portant un regard transversal et pluridisciplinaire sur l'économie plurielle a déjà constitué un premier pas vers une analyse des relations entre l'économie sociale et l'économie publique, les organismes publics et privés, et les organisations lucratives et non lucratives, dans leur manière d'envisager la prise en charge des services d'intérêt général. La question a des implications à la fois théoriques et pratiques : élaboration d'un schéma général ; variations nationales du concept d'intérêt général ; organisations structurelles des solutions nationales de prise en charge, à savoir les relations de complémentarité, de « supplémentarité » ou de concurrence entre organismes publics, privés et du troisième secteur. On constate des variations dans l'interprétation de ces concepts, ainsi que des notions de partenariat et de solidarité, qui sont sans aucun doute étroitement liés à l'économie sociale.

Le Groupe de travail transversal du CIRIEC a également rempli sa mission de recherche pluridisciplinaire, insistant cependant sur l'aspect économique. Nous devons néanmoins suggérer de poursuivre la recherche pour expliquer les différences entre les diverses formes organisationnelles et leurs atouts respectifs d'une part, les possibilités de coopération et de partenariat d'autre part. Nous n'avons pu aborder l'aspect historique des origines du concept, comme nous l'avions espéré, à l'exception majeure de l'article introductif par Bernard Enjolras.

Dans un premier temps, nous avons tenté ensemble de délimiter le champ de travail et d'établir une classification des types d'architecture de prise en charge de l'intérêt général, décrivant les articulations entre les différents types d'organisations, et toutes les variantes d'entreprises publiques et privées (y compris l'économie sociale) jusqu'aux organismes lucratifs et non lucratifs. Cette perspective comparative nous permet d'avoir un aperçu du sous-ensemble socio-économique de la satisfaction de l'intérêt général, et l'un des objectifs de cette publication est d'analyser les possibilités de complémentarité entre différents types d'organisation. Nous n'avons pas encore atteint le stade où chaque pays pourra évaluer le poids relatif de chaque type d'organisation, mais nous avons pu suivre certains développements organisationnels dans les secteurs de services sociaux

sélectionnés. Nous suggérons une étude plus approfondie des typologies et hiérarchies des différentes architectures socio-économiques de prise en charge de l'intérêt général, et ceci dans un cadre global, au sein duquel on peut constater l'émergence de nouveaux modèles à la suite de la mondialisation et des nouvelles directives européennes sur la fourniture de services sociaux, dans le contexte des récentes tendances de la politique sociale et de l'aide sociale. Nous considérons également qu'un modèle théorique plus élaboré vise l'interdisciplinarité dans son approche d'une meilleure compréhension des divergences entre les modèles. De même, il semble important de pouvoir déterminer les facteurs expliquant les différences de modèle, et dans le contexte du rôle de chaque modèle sur le marché, quelle est la législation encadrant le secteur public, privé et le troisième secteur.

Dans ce volume, nous avons choisi de ne pas nous limiter à certains secteurs ou à certains niveaux du gouvernement. Ceci constitue plutôt une première tentative de clarification de la manière dont certaines relations public-privé réussies, ou encore certaines pratiques d'économie sociale, ont pu être initiées et mises en oeuvre. Les exemples décrits ici montrent un intérêt marqué pour l'économie sociale, certains attestant même d'une collaboration fructueuse avec le secteur public. En termes de résultats, se limiter à certains secteurs aurait été préférable et aurait permis de mieux comprendre les différents modes de production, ou les raisons pour lesquelles certaines combinaisons en viennent à voir le jour. Une analyse des économies plurielles et de leurs acteurs respectifs aurait également pu se révéler intéressante en termes d'objectifs et de résultats, à la fois sur le plan qualitatif et sur le plan quantitatif.

Toutefois, il était difficile dans cette première publication d'établir une structure cohérente pour toutes les interventions, et notre objectif a donc été de rassembler des faits à partir de cas nationaux, et ce dans un esprit de découverte. Pour une étude ultérieure, nous suggérons soit de se restreindre à certains secteurs, soit d'opérer un choix de certains modèles nationaux particulièrement intéressants que l'on pourrait analyser de manière empirique. Ceci ajouterait à l'homogénéité des résultats, et permettrait d'ébaucher des théories nouvelles et fertiles autour du concept d'intérêt général.

Nous avons constaté un changement de paradigmes dans les domaines de la technologie, de la globalisation et de la modernisation, sans parler d'une éventuelle convergence à long terme des systèmes nationaux. Il en va de même de l'intérêt pour les pays dans lesquels le secteur public constitue le principal fournisseur de services sociaux et présentant une structure complète d'aide sociale d'intérêt général, le secteur volontaire ayant évolué vers une demande accentuée en termes d'efficacité et de rendement. De nouveaux modes de production et l'intérêt de l'Union européenne pour le troisième secteur ont apporté un regain de vigueur à l'économie sociale, non seulement dans certains secteurs mais également dans certaines régions. Des Etats ayant une longue tradition de sociétés civiques ont expérimenté de nouveaux modes de coopération et de production de services

sociaux avec des entreprises appartenant aux trois secteurs : public, semi-public, privé et troisième secteur.

Ce volume comporte plusieurs sections portant sur la conceptualisation théorique de l'intérêt général, en comparaison avec l'intervention du marché et la globalisation ; vient ensuite une section consacrée aux applications et illustrations nationales, également en termes de régulation, de formes institutionnelles et de performance.

Première contribution conceptuelle majeure, Bernard Enjolras dans son article « Beyond economics, social change and general interest » (*Au-delà de l'économie, changement social et intérêt général*) met l'accent sur la portée de ce concept-clé pour le Groupe transversal. L'intérêt général est-il équivalent à l'intérêt public, et comprend-il l'intérêt commun tel que l'envisage l'économie sociale ? La notion d'intérêt général n'est pas absolue, mais relève plutôt d'un construit social au sein duquel les modes d'organisation de la production varient dans le temps et dans l'espace. Ces différentes architectures, articulations de plusieurs types organisationnels, peuvent être identifiées à l'intersection du marché, de l'Etat et de la société civile. L'auteur procède également ici à une analyse des principales tendances et à une lecture sociologique du discours économique sur le sujet.

Importante contribution d'un pays non-européen, l'article « Taking general interest into account in Quebec. New articulation between individual, collective and general interest » (*Prise en compte de l'intérêt général au Québec. Nouvelle articulation des intérêts individuel, collectif et général*) par Luc Bernier, Marie Bouchard et Benoît Lévesque présente une théorie de l'organisation de l'intérêt général au Canada. Ils envisagent plus particulièrement les modes d'administration des entreprises collectives (Etat, syndicats ou coopératives) engagées dans le processus de développement économique au Québec sous l'angle du capital-risque. L'impact de l'histoire et de la globalisation sur le développement au Québec est mis en lumière et comparé à l'évolution du concept d'intérêt général.

Dans son article « Non-profit sector and the welfare system » (*secteur non lucratif et système d'aide sociale*), Giuseppe Bognetti analyse le secteur non marchand dans un contexte où les limites de l'expansion du secteur public sont évidentes, en raison des déficiences de ce secteur et de la crise financière qu'il traverse. Le manque de confiance semble également poser un problème, que ce secteur partage avec le marché et ses contraintes spécifiques. Le secteur non lucratif offre donc une alternative intéressante et utile, dont les éléments constitutifs varient en fonction des pays mais que l'on trouve approximativement dans les mêmes secteurs. Une relation inverse semble s'être établie entre les unités de production : plus les producteurs publics sont nombreux, moins l'on trouve d'unités non marchandes. Tous deux présentent des inconvénients en termes d'efficacité et de satisfaction de la demande, et des questions telles que leur degré d'autonomie, de contrôle et d'indépendance pourraient jouer un rôle important dans leur réussite.

La vision suédoise de l'économie sociale est présentée dans l'article « The new interpretation of the Swedish model » (*Une nouvelle interprétation du modèle suédois*) par Marie-Louise von Bergmann-Winberg et Ann-Mari Sätre Ahlander. Les auteurs y analysent le développement des partenariats locaux entre le secteur public et l'économie sociale en Suède, et le rôle que pourraient jouer les nouvelles coopératives / entreprises sociales. L'article souligne également le besoin de formalisation de la fourniture de services sociaux dans le troisième secteur, mais dans la perspective d'un lien avec les secteurs public et semi-public. Sont-ils des fournisseurs complémentaires ou supplémentaires d'aide sociale, en comparaison avec la production du secteur public en Suède ? De récentes recherches suggèrent que cette question pourrait être approfondie dans le cadre d'un nouvel axe de recherche dans les pays nordiques.

Gurli Jacobsen, dans son article « Forms of organisation in the « social economy » in Denmark in dynamics with the public sector – new organisational patterns » (*Modes d'organisation de l'économie sociale au Danemark et relations avec le secteur public – nouveaux schémas organisationnels*) présente une autre perspective scandinave sur la question. Cet article, qui est étroitement lié au thème du Groupe transversal, explore la dynamique du choix des formes organisationnelles dans le domaine de l'économie sociale et ses relations avec le secteur public, argumentant que la dynamique particulière reliant le secteur public et le troisième secteur influence les types d'organisation choisis, qui à leur tour influencent le type de leadership et la culture de ces organisations. Le Danemark, contrairement à d'autres pays scandinaves, semble être en faveur d'une base non lucrative.

Peter Eichhorn, dans son article « EU-Principle of competition and non-statutory welfare » (*Principe européen de concurrence et d'aide sociale non statutaire*), traite des effets de la Nouvelle Economie Politique sur le système économique européen et sur les secteurs non marchands en termes de concurrence. Le nombre de contractants augmente dans une structure de marché pluraliste et le secteur privé marchand reste majoritaire en Allemagne, par rapport aux services du secteur public liés à l'aide sociale non statutaire. La stratégie de la segmentation de marché implique un ciblage de plus en plus important des groupes de consommateurs ; la performance et les filiales y jouent un rôle important dans la production, et le principe du service se superpose à, mais ne remplace pas, la finalité commerciale. Tous ces facteurs semblent gagner le développement d'incitants à la production en termes d'intérêt général.

« Recent structural developments among Mutual Insurance Associations in Germany: Insurance mutuals as vertically structured combines - An attempt to join the member approach with the shareholder-value approach » (*Modifications structurelles récentes au sein des mutuelles d'assurance en Allemagne : Groupes d'assurances et structures verticales – Essai de combinaison de l'approche des membres et de la valeur actionnariale*) est le titre de l'article rédigé par Helmut Cox et Olaf H. Bode. Les auteurs traitent du marché des assurances et de la

situation de concurrence pour les mutuelles et les holdings, expliquant que le secteur des assurances compte parmi les plus compétitifs en termes de services financiers à la fois en Allemagne et dans d'autres pays européens. Ils examinent également les parts de marché des mutuelles et d'autres associations présentes sur le marché de l'assurance à la lumière des nouvelles directives européennes, de la dérégulation et de la concurrence internationale. Les associations mutuelles présentent d'énormes inconvénients structurels par rapport aux autres compagnies d'assurance, et sont donc appelées à prendre la forme de corporations ou de holdings mutualistes. On dénombre cependant certains cas de combinaison réussie entre l'adhésion des membres et l'actionnariat.

Luca Crivelli et Massimo Filippini examinent le problème des coûts dans le secteur des maisons de soins dans un article intitulé « Institutional organisation and cost performance: evidence from the nursing home industry » (*Organisation institutionnelle et rentabilité : l'exemple du secteur des soins de santé*). Ce problème intéresse beaucoup le monde politique suisse en raison d'un vieillissement de la population et de l'explosion du coût des soins aux personnes âgées. Différents types d'organisations institutionnelles sont en compétition : privé à but lucratif, Etat et secteur non lucratif ; la question est de savoir laquelle de ces structures est la plus rentable. Les effets d'économie d'échelle sont importants, mais seulement jusqu'à un certain point, au-delà duquel des établissements travaillant en chaîne ou comprenant plusieurs implantations pourraient constituer une meilleure solution. Dans l'ensemble, ce sont les maisons de soins dépendant du secteur non lucratif qui semblent engendrer les coûts les moins importants, ce qui pourrait s'expliquer par des contraintes différentes d'administration et de gestion.

Dans son article « Training associations : what specificity ? » (*Associations de formation : quelles spécificités ?*), Franck Bailly pose la question des caractéristiques organisationnelles spécifiques du spectre de l'association entre secteur public et secteur privé. Après un exposé théorique, l'auteur procède à une analyse statistique détaillée à partir de données empiriques en provenance de Haute-Normandie ; les résultats de ces analyses font état, entre autres, de différences importantes en fonction de l'âge, de la structure et de la taille des organisations, sans tenir compte de la classification légale des différents types d'associations, du secteur public au secteur privé.

Nous n'avons pas l'ambition de résumer ici l'ensemble des conclusions ; nous préférons suggérer quelques pistes de recherche sur le sujet, qui pourraient selon nous être d'une grande valeur pour le CIRIEC dans le contexte de la recherche sur les économies transversales. Nous trouvons également particulièrement intéressants les changements de paradigmes dans le domaine de l'économie générale, et la manière dont ces changements influent sur le développement des secteurs public, privé et d'économie sociale et les relations unissant ces secteurs. Nous sommes cependant conscients que le troisième secteur ne joue pas encore un rôle majeur dans les études de cas nationaux que nous avons abordés, mais nous

présupposons que son développement se poursuivra, que nous assisterons à l'émergence de nouvelles formes de coopération et que la diversité des fournisseurs d'aide sociale et de services sociaux continuera à s'accroître, rendant indispensable l'apport de chaque secteur. Dans ce volume, la question de l'économie sociale est prédominante en raison du choix des sujets par les auteurs ; cependant, nous appelons à poursuivre la recherche dans le domaine d'une collaboration plus étroite entre le secteur public (et privé) et le troisième secteur, et de l'établissement de nouveaux modèles en phase avec les récents défis mondiaux.

Nous espérons que cette étude permettra une meilleure compréhension des modèles possibles de travail et de fourniture de services sociaux, puisque nous avons constaté qu'aucun modèle national ne pouvait être appliqué à la production de services pour l'ensemble des secteurs de l'Etat-providence, et ne pouvait répondre aux besoins de tous les consommateurs. Ou, comme l'affirme Pestoff, aucun modèle isolé, qu'il soit public, privé ou coopératif, ne constitue la solution parfaite pour la production de l'ensemble des services destinés à tous les citoyens des sociétés modernes (Pestoff 2002, 250). Nous souhaitons simplement ici souligner la pertinence de certains modèles nationaux et leur applicabilité à d'autres pays, au regard des nouveaux paradigmes en vigueur dans les économies modernes ; certains pays semblent avoir été confrontés à ces nouveaux défis plus tôt que d'autres et ont appris à y apporter une réponse différente de la traditionnelle division de l'Etat-providence telle qu'elle est perçue en Europe du nord, en Europe centrale et en Europe du sud.

Faire converger les réalités multiples cachées derrière ces différents concepts était une ambition notable, que nous avons pu accomplir partiellement grâce aux articles et pays sélectionnés respectivement. Mais nous suggérons cependant d'approfondir les recherches afin de pouvoir compléter notre tableau. La redéfinition éventuelle du concept d'intérêt général doit encore être entreprise, sur la base de recherches plus empiriques et d'études de cas nationaux. Nous avons pu jusqu'ici établir l'existence d'une modification des paradigmes, qui touche la plupart des contributions individuelles et les rend compréhensibles comme éléments constitutifs du tableau. En ce qui concerne le troisième secteur, la question est de savoir s'il est en mesure d'offrir des services de meilleure qualité, qui correspondent davantage à la demande ; ceci vaut également pour la plupart des efforts de coopération entre secteur public, secteur privé et troisième secteur. Nous n'avons cependant pas traité explicitement ici de cette dernière dimension, mais nous avons souhaité attirer l'attention sur la question dans le contexte d'une nouvelle orientation de la recherche européenne sur le thème des économies transversales.

REFERENCE

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