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Introduction

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More than a decade ago, Jacques Delors, former President of the European Commission, reflecting on how he sought to promote the third sector in his position as the head of the European Commission, emphasized the “poor recognition of the third sector” at the European Union level (Delors 2004: 211). More than ten years later, recognition of the third sector in Europe is still poor.

Indeed, the third sector in Europe lacks a clear identity and there is no clear-shared understanding across Europe and within the European Union regarding what exactly the third sector is and what its role is in the European public space. A main reason for this lack of common identity is that the manifold self-organized citizen-based initiatives that make up the third sector are not sufficiently aware of being part of a sector sharing common attributes, values and what economists call a common “objective function” or underlying objectives, regardless of their specific field of activity.

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This lack of recognition, common identity and awareness has consequences for the visibility and political legitimacy of the third sector at both the national and European levels, and is both a symptom and a cause of the knowledge gaps that afflict this sector. Although official statistical procedures have been developed at the international level to generate systematic comparative data on key features of the scale, scope and impact of at least one of the main components of the third sector—that is, nonprofit institutions—and volunteering, Europe’s statistical agencies have been slow to adopt these procedures and, therefore, slow to assess the contributions of even these major components of the third sector to Europe’s economy and society. Additionally, in spite of the importance of the third sector in Europe, limited awareness exists about the barriers that hinder the operation and impact of third sector organizations (TSOs) or about the steps that could be taken to eliminate or reduce them.

The project out of which this report emerged—the EU FP7-funded Third Sector Impact Project—mobilized the collaborative efforts of 12 European research institutions along with dozens of stakeholders and external advisors in an ambitious effort to fill these knowledge gaps.

In order to make headway on this task, it was first necessary to clarify the concept of the third sector in its European manifestations. As noted in Chap. 2 of this book, like other social science concepts before it, such as “democracy,” “the state” or the “business sector,” the concept of a third sector is a contested one, with numerous competing terms and definitions in circulation and serious questions in some quarters about whether it is even possible to think of this collection of entities and activities as a definable sector at all (Dekker 2004; Evers and Laville 2004). One reason for the confusion surrounding this concept is the enormous diversity of entities potentially embraced by it, and the wide variety of terms used to depict it. Included here are organizations variously referred to as voluntary organizations, nonprofit organizations, nonprofit institutions (NPIs), nongovernmental organizations (NGOs), associations, civil society, social economy, solidarity organizations, cooperatives, mutuals, foundations, civil society and, more recently social enterprises (Salamon et al. 2004). Despite this diversity, our project managed to formulate a consensus conceptualization of a fairly broad common core of the third

sector in its European manifestations and to win significant buy-in to this conceptualization on the part of a fairly broad array of European academics and third sector stakeholders.

The conceptualization of the third sector is not a goal in itself, of course, but a necessary step toward gaining better knowledge of its scope, scale and special characteristics. This requires attention to multiple dimensions, however. Financial measures are important, but cannot be relied upon exclusively, since one of the distinctive features of this sector is that much of its activity is undertaken for other than purely remunerative or financial objectives. Similarly, simple measures of the number of entities can be misleading since organizations in this sector vary massively in scale and complexity and some of the most important activity of this sector occurs outside of formal organizations. More suitable measures may therefore focus on the human resources that this sector engages, both as paid staff and as volunteers. And the focus must go beyond third sector aggregates to take account of important variations among countries and fields of activity. In each of these ways, our project made significant progress, developing a first empirical estimate of the scope and size of the European third sector as identified in our consensus conceptualization, and documenting as well the variations evident among different European regions and third sector components.

In line with the emphasis in the recent, widely read Stiglitz report (2009) on broadening our systems for measuring societal activity beyond simple economic measures to encompass multiple dimensions of wellbeing, the designers of the call that led to this project specified that our goal should go beyond measuring the size of the third sector and should encompass as well an assessment of this sector's political, social and economic impacts. Because the project did not have the resources to undertake new empirical research on this topic, our focus here was to lay the groundwork for such research by analyzing the work that has so far done on various dimensions of third sector impact (TSI), to summarize what is known and to point the way to the more thorough and systematic approach that is needed.

In addition to clarifying the concept of the third sector, gauging the scope and scale of this sector, and assessing what is known about the sector's broader social and political impact, this project also sought to deter-

mine whether there are barriers that might be impeding the impact that the sector could have and to suggest ways to reduce any barriers that might exist. As will become clear in the body of the report, our research uncovered two broad sets of barriers: first, those essentially internal to the sector's organizations relating to the recruitment and training of personnel and intra-organizational dynamics; and second, those external to the sector's organizations relating to the political, economic, legal and social environment within which the sector's organizations and volunteer personnel operate. In both arenas, our research discovered enormous strains resulting from market pressures, changing government policies as well as broader cultural and demographic transformations. Fortunately, some organizations have found resilient ways to cope with these challenges, but some of these pose real risks to the historic functions of this sector.

In a time of social and economic distress and enormous pressures on governmental budgets, the third sector and volunteering represent a unique "renewable resource" for social and economic problem-solving and civic engagement in Europe, not as an alternative to government, but as a full-fledged partner in the effort to promote European progress. At such a time and in such a context, a better understanding of the third sector and the role it can play in the future of Europe is all the more crucial. Providing that understanding in a straightforward and accessible way is the goal that this short volume seeks to achieve. To do so, the three chapters that follow lay the groundwork for this task by explaining what the third sector is; estimating this sector's size, scope and regional variation; and assessing, as far as possible given the available data, its socioeconomic impact. The last two chapters then focus on the future of the third sector in Europe—its challenges and opportunities, the developmental trends and barriers it is facing, the strategies organizations are pursuing and the strategy that sector actors and governments can usefully pursue in response.

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