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# Community-based economy, market and democracy

The case of Norwegian voluntary sport organisations

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#### Introduction

Sport has undergone major changes in important aspects during the twenty to thirty years. One of these changes is related to increased 'marketization' or commercialisation (Hughes and Coaklery, 1984; Furst, 1971; Harvey and Cantelon, 1988).

Commercialisation of sport takes many forms and has many consequences for the significance of sport as social phenomenon. This report addresses one possible consequence of the commercialisation of sport, both theoretically and empirically, that of its impact on the "social function" of voluntary sport organisations or voluntary local clubs.

Three main reasons for which commercialisation of sport is perceived as problematic may be put forward.

#### Conflict of values

A conflict of values is said to be enhanced between sport practices on the one hand and market exchange on the other. Commercialisation may be in effect seen as reducing the value of any act or object to only its monetary exchange value, ignoring historical, artistic, or relational added value (Real, 1996). What is valuable in sport and what is corrupted by commercialisation?

The main characteristic of sport is to be a playful, physical and non-utilitarian contest (Gutmann, 1978, p. 7). Sport may be defined as a social phenomenon related to the 'intersubjective moral order' (Sewart, 1987). Sport has been identified as a moral, aesthetic

and dramatic phenomenon as well as a medium of individual self-fulfilment.

"As a moral phenomenon sport is oriented to the dimension of personal bonding. (...) Since intersubjectivity and symbolic communication are at the centre of culture, sport has long been considered as an important medium enabling social actors to practice and learn a sense of fair play, justice, conflict and dispute resolution as well as generating sociability, solidarity and communal effort. In this context social behaviour is shaped by norms and values informed by intersubjective communication rather than norms and values of a purely instrumental and technical nature. In short, sport is seen as providing a context where authenticity and self and society may be realised." (Sewart, 1987:172).

Morgan (1994), building on McIntyre (1984), considers the themes of the corruption of sport and its ideological distortion as well as the conflict of value between sport practices and the market. A social practice as defined by McIntyre as "any coherent and complex form of socially established co-operative activity through which goods internal to that form of activity are realised in the course of trying to achieve those standards of excellence ... with the result that human conceptions of the end and goods involved, are systematically extended" (McIntyre 1984: 187).

McIntyre's definition of social practice relies upon the notion of internal good. Internal goods are "goods that are defined by the particular practices that we take up" (Morgan 1994: 131).

Two particular kinds of internal goods are constitute social practices. First, the standards of excellence of the practice itself (i.e. the values inherent and intrinsic to the practice according to which excellence is assessed) and second, derived from the pursuit of the standards of excellence, the realisation of 'the good of a certain kind of life'.

#### The size of the organisation

In the case of sport the 'standards of excellence' of sporting practices, as well as 'the good of the specific kind of life' associated with

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sporting practices, are viewed as the main motivations for practising sport. But there are goods of a different sort that can also be achieved by practising sport. These goods (money, notoriety, power) are external goods.

Justice, courage, competitive fire, trust, sense of fair play, justice, conflict and dispute resolution, sociability, solidarity and communal effort are among the internal goods of athletic practices. By contrast, the kind of goods that sports institutions seek are almost exclusively external ones (money, power and status). "The rationality of institutions is a means-based rather than an ends-based rationality..." (Morgan, 1994: 137). Institutions corrupt practices when they impose an instrumental rationality and a set of extrinsic goods upon them that imperil the internal goods associated with those practices.

For Morgan, the quest for excellence embedded in the way of life that constitutes sporting practices is subjected to (institutional) commercial pressures that lead to the degradation of sport as practice.

#### Threat to sport autonomy

The second reason for which commercialisation of sport is perceived as problematic is that commercialisation adulterates the nature of sport practices and threatens the autonomy of the sport movement. Indeed, since its origins, modern sports organisations have enjoyed autonomy and monopoly relative to the internal regulation of sport practices, the definition of ethical directives and the definition of standards of performance.

For Sewart (1987), the commercialisation of sport has an impact on: (i) rules, format and scheduling of sports; (ii) the ethic and skill democracy of sport and (iii) the inclination to spectacle and theatricality.

In order to attract ever larger advertising revenues commercialisation entails the transformation of the rules of the game in order to increase action, and which thus alters the character of competition. In the case of English basketball (Maguire, 1988), commercialisation involved changes in the structure of the sport (in its constitutive rules in order to speed up the action) the result being an increasingly spectacle-centred sport. In addition, the timing of the event has been changed in order to meet the needs of the media and sponsors. The structural characteristics of the sport practice has been adulterated in order to enhance its appeal as something to be consumed. "The old aesthetic values have lost ground and concern with the outcome as well as the need to satisfy the audience have been increasing". Maguire (1988: 308).

The abandonment of the ethic of skill democracy refers to the replacement of 'meritocratic' principles by market principles and the canons of entertainment. This phenomenon is particularly salient in sports such as tennis, professional boxing, golf (Sewart, 1987). Sport has long been singled out as the few spheres of social life where rational meritocratic values were truly operational. Individual status was objectively measured in terms of performance or merit according to a set of norms. The need for ensuring the provision of a spectacular product for the media leads to the organisation of contests where the choice of the athletes is no longer based on their merits in terms of performance but on the imperatives of the show.

The inclination to spectacle and theatricality is a by-product of the transformation of sport into entertainment products. "Insofar as the commercial media selects between sports for those which make good entertainment and guarantee maximum viewers interest, attention is given to the dramatic, the spectacular, and the theatrical" (Sewart, 1987: 178) and not to the aesthetic quality of the game.

Commercialisation leads also to changes in the patterns of ownership and control of the sport as movement. First, commercialisation attracts entrepreneurs who either directly (ownership of the club) or indirectly (agents) exercise varying degrees of control over the sport (Maguire, 1988). Second, the sport movement is becoming increasingly dependent upon the media and sponsors. During the Los Angeles Olympics, American enterprises spent \$887 mil-

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lion on sponsoring and TV advertising. ABC was to receive the greatest share (\$650 million) from advertising during sport broadcasts. The Los Angeles Olympic Organisation Committee was to receive \$160.5 million. ABC paid \$225 million for the TV broadcasting rights License fees had to be financed by advertisements and sponsorship (Seifart, 1984). Such a level of license fees financing was made possible by the considerable audience rating resulting of the high evaluation of the event and by the monopoly of coverage by a broadcasting company. But such a financing system entails in turn an increased control of the media and sponsors concerning the design of the Olympic events.

#### Social function of sport endangered

A third reason for which sport commercialisation may be problematic is that commercialisation may endanger the socialisation function of sport. In effect, sport activities have been traditionally organised in Europe within voluntary sport organisations. The development of sport as a consumption good may lead to the erosion of the voluntary basis of these organisations.

If sport commercialisation is not a new phenomenon, the level of commercialisation reached by elite sport in the last decade stresses the contradictions between the sport internal ethics and market logic. Sport practices are increasingly transformed into commodities to be consumed either as spectator or as participant. This transformation entails organisational changes that endanger the ethical foundations of sport practices. In effect, national sport federations are confronted with a double pressure, internal and external. On the one hand, individuals are becoming increasingly consumers of sport as a spectacle and as a practice, and the supply has to be adapted to the demand. That leads to an internal process of commercialisation where sport organisations are becoming increasingly market-oriented in order to compete with other leisure offers and with commercial actors. On the other hand, the increasingly global orientation of sport as a spectacle obliges the national sport federations to adapt to the global rules of the game in order to stay competitive in a global and commercial environment. For the national federations, that,— paradoxically— entails the growth of available resources devoted to elite sport but at the same time the loss of their decision-making autonomy at the strategic and ethical levels.

In Norway, sport has been traditionally organised on a voluntary basis. In fact, only voluntary organisations can be members of the Norwegian Confederation of Sports. With 29 percent of all organisations and 26 percent of members, sport organisations form the largest sector within Norwegian voluntary organisations (Wollebæk et al., 2000). In total, there are about 7000 sport organisations, based either on a single sport or multiple sports. Local clubs covering all sports are federated at the regional level. Sport organisations are also federated at the national level according to discipline. There are a total of 19 regional (or county) federations, and 56 national federations. Regional and national federations are represented under the umbrella organisation, The Norwegian Confederation of Sports (NIF). This body enjoys a relatively high level of autonomy concerning both regulation of organised sport and in financing the sports sector. The regulations are determined internally and adopted by the sports council. Financing is largely in the form of state grants and which are freely administrated by NIF. Voluntary labour continues to represent the main resource of the sector. In 1998, there were 613,000 active volunteers who contributed 42 million work-hours in the local sports clubs (Enjolras and Seippel, 1999). The voluntary sport organisations are democratic member-based organisation having as their goal that of fostering local participation and activities. These mass-sport organisations are not as yet professionalized to any great extent (Enjolras and Seippel, 1999), but professionalization is fully developed within the elite sports, particularly team sports such as soccer, handball and ice hockey, and also in individual sports such as skiing. Within elite clubs, economic constraints and NIF internal regulation has led to an original form of organisation. Formally elite clubs are memberbased voluntary organisations, and the decisions are taken on a

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democratic basis by the general assembly of the club. But NIF regulations open up the possibility for voluntary clubs to enter into co-operation agreements with for-profit organisations (mostly stockholder companies). Within soccer for example, in order to deal with the economic and financial aspects of players' transfers, most of the elite clubs have this kind of agreement with stockholder companies which own the players, whereas the voluntary clubs are supposed to be the real decision-makers. This 'double ties' organisation entails conflicting interests between on the one hand the voluntary organisation board interested in sport outcomes, and the investors interested in financial outcomes on the other.

In this context one can expect voluntary sports organisations' activities to become increasingly commercialised, whereas local voluntary clubs are already facing competition with new commercial (for-profit) actors which have invaded the sports industry, particularly the fitness sector.

Commercialisation of voluntary sport organisations is not unproblematic since the realisation of 'shared values', i.e. values realised jointly – and typical of voluntary organisations – may not be realised through market transactions (Anderson, 1990). Furthermore, the contribution of voluntary organisations to the social fabric and to democracy may be eroded through commercialisation

Market-based transactions (between a voluntary organisation and its members) do not offer the same possibilities as voluntary-based relations for social integration. Market exchanges are social relations of a particular type. They may imply distance and detachment, but they may also be embedded in personal relations regulated by trust, norms and customs. But even if market exchanges are embedded in such personal relations, the very nature of these exchanges allows the possibility for the two parties to exit whenever they want. Market relations involve limited personal links and obligations which may not lead to social integration since social integration is realised by the role played through the active

participation of the members in the organisation's life, and by their long term and moral commitments.

Further, after Tocqueville, voluntary organisations have been considered as a necessity for the good functioning of democracy. First, when democracy is considered in a pluralist perspective as the expression of different interests (Dahl, 1982), voluntary organisations are necessary because they allow mutual control and permit the functioning of democracy on a large scale.

Second, non-political attitudes and affiliation of citizens sustain a political culture favourable to stable democracy (Almond and Verba, 1963). For Almond and Verba, voluntary associations play an important role in the development of a citizen's sense of political competence and allow the aggregation one's demand together with others. Voluntary associations are the prime means by which the function of mediation between the individual and the state is realised. Third, associations are a school of democracy (Putnam, 1993). They prepare individuals for the exercise of public power (Cohen and Arato, 1992: 230). According to Putnam (1993) when civil society is developed, the "civic attitude" is well developed, allowing for the accumulation of a higher degree of "social capital" source of economic and institutional efficiency.

Even if the link between democracy internal to voluntary organisations and societal democracy are not straightforward, theoretical arguments (Putnam, 1993; Gundelach and Torpe, 1997) and empirical evidence (Almond and Verba, 1963) support the idea that the contribution of voluntary organisations to societal democracy increases with active participation within these organisations. By weakening participation within voluntary organisations, commercialisation may threaten the specific contribution of voluntary organisations to societal democracy.

#### Outline of the report

This report is concerned with the effect of the commercialisation of Norwegian voluntary sport organisations on the internal democratic functioning of these organisations. However, two types of Introduction 13

commercialisation have to be distinguished. On the one hand, commercialisation may occur as the result of the development by voluntary organisations of commercial activities in order to finance the production of the collective (mission-related) output. On the other hand, commercialisation may also occur as the result of a transformation of the relationship between the organisation and its members from participation to consumption. Indeed, members of the organisation can either participate in the organisation or buy the services of the organisation and behave as customers. In the former case the transactions between members and the organisation are based on the reciprocity principle whereas in the latter the transactions are based on the market principle.

The contention of this report is that the development of commercial activities by Norwegian voluntary sport organisations does not endanger their internal democratic functioning as long as they contribute to the formation of a community-based economy where active members work voluntarily in order to generate commercial resources that are used to produce the collective and mission-related output. However, this original community-based economy may be threatened by the development of market relations between the members and the organisations.

The first chapter discusses theoretically the main features of what can be conceived as a community based economy and demonstrates empirically that commercial and voluntary resources are articulated by voluntary sport organisations in a way that allow them to mix them under a democratic governance. The second chapter investigates the relationship between the two main forms of commercialisation and the internal democratic functioning of these organisations. It will be shown that whereas the development of commercial activities does not reduce democratic participation, the development of market relations between members and organisations reduces democratic participation.

# The community-based economy of voluntary sport organisations

Norwegian voluntary sport organisations present three original features. *First*, they are economically independent and self-sufficient, and on average achieve only 9 percent of their resources from subsidies. *Second*, the share of commercial income in their total revenue is quite high (on average over 60 percent). And *third*, they rely heavily on voluntary work, on average 52 hours are voluntarily worked weekly. These characteristics taken together lead to conceptualise this organisational model around the notion of *community-based economy*.

This chapter will first define theoretically the contours of the concept of community-based economy. Such an economy is characterised by the compromises realised between different types of co-ordination mechanisms or types of resources. This chapter will consequently investigate empirically the relationship between voluntary and commercial resources. It will demonstrate that voluntary work is used for the generation of commercial income, realis-

The term "community-based economy" is used to design what in Norwegian is referred as "dugnadsøkonomi".

ing in this way a compromise between reciprocal and market coordination mechanisms.

#### 2.1 Community-based economy: a definition

A common representation of the economy consists in seeing it as constituted three spheres that are interrelated: the *market sphere* where goods and services are allocated by the market; the nonmarket sphere where goods and services are allocated by administrative mechanisms; and the household or domestic sphere where goods and services are exchanged on the basis of personal relations and obligations. Beside these three spheres it is possible, however, to identify a fourth, the voluntary sector. Within the third or voluntary sector a sub-sector may be identified, that of *community-based* economy, characterised by two main features that are (i) to realise some form of compromise between three main co-ordination mechanisms (market, reciprocity and hierarchy), and (ii) to be democratically organised i.e. involving a political co-ordination mechanism. Voluntary organisations that display these two features may be considered as constituting the community-base economic sphere. Before examining these two features more closely it is necessary to specify the concept of co-ordination mechanism.

#### 2.1.1 Co-ordination mechanisms

A co-ordination mechanism may be conceived as an institutional solution to problems characterising a class of social interaction, that of co-ordination.

Co-ordination problems are interaction situations "involving two or more persons, in which each has to choose one from among several alternative actions, and in which the outcome of any person's action depends upon the action chosen by each of the others. So that the best choice for each depends upon what he expects the other to do, knowing that each of the others is trying to guess what he is likely to do." (Ullmann-Margalit 1977:78).<sup>2</sup>

What characterises co-ordination mechanisms is that not only does each participant *not* wish to deviate from his chosen strategy, neither party wants the other to deviate. Each participant wants to co-ordinate his actions with the other participant because for any given choice of the other participant, it is always beneficial to co-ordinate the actions. In other words, a co-ordination problem occurs when two actors having to choose between (at least) two options, each gains an advantage when the same option is made. The problem arises from the fact that in such a situation there is no self-evident action to be chosen since the pay-off of each actor depends on the conformity of his choice with the choice of the other.

The co-ordination problem may be illustrated by the following example (Schelling, 1960:94; Lewis 1969:5): "You and I are unexpectedly cut off in a telephone conversation. We both want to continue the conversation, and each of us has to choose whether to call back or wait. It matters little to both of us who calls back or waits. So each has to choose according to his expectation of what the other is likely to do". More generally co-ordination problems may be stated in terms of game (Schotter, 1981, Ullmann-Margalit, 1977):

	C1	C2
R1	1,1	0,0
R2	0,0	1,1

In this game, the two players C and R get a pay-off equal to 1 when they are co-ordinated (strategies (C1,R1) or (C2,R2)) whereas the pay-off equals 0 when they are not co-ordinated (strategies (C1,R2) or (C2,R1)).

The two strategies (C1,R1) and (C2,R2) are Nash equilibria because if both players choose strategy (C1,R1) or both players choose strategy (C2,R2) they have no incentive to deviate, given the other's choice.

It is worth noting that co-ordination problems do not require a perfect coincidence of interest.<sup>3</sup>

Agents confronted with a co-ordination problem may succeed if they have mutual expectations of the behaviour of the other party. In order to become co-ordinated they must respond similarly to the same signal and have the same interpretation of this signal.

Co-ordination problems of this type can be solved for the two players if they both conform to a given norm (Ullmann-Margalit, 1977) or convention (Lewis, 1969). Co-ordination mechanisms such as the market and hierarchy (Coase, 1937) may be understood as an institutionalised conventions (mutual expectations over the behaviour of the other party) helping actors to solve co-ordination problems.

Economists think of the economic system as being co-ordinated by the *price mechanism*. Each actor will behave taking into account the signal given by the price. In the general equilibrium model, producers and consumers co-ordinate their respective plan by the interplay of the price mechanism. The market appears, then, as a self-regulating mechanism. Each economic actor adjusts his behaviour according to the same signal (the price) and has the same interpretation of the signal. Coase (1937) and Williamson (1975, 1985) have shown that in presence of transaction costs an alternative form of co-ordination, the hierarchy, may be more efficient than the market since the hierarchical co-ordination mechanism allows the reduction of transaction costs.

Polanyi (1957a, 1957b) stresses that by applying anthropological categories to contemporary societies, market exchange is not the unique form taken by economic action. He identifies four principles of economic behaviour: market exchange, reciprocity, redis-

<sup>3</sup> Actors may not be indifferent to the various co-ordination equilibria, and there might be some conflict between them as in the following situation:

	C1	C2
R1	2,1	0,0
R2	0,0	1,2

tribution and domestic administration. Each of these economic behavioural factors is facilitated by "institutional patterns" such as market, symmetry, centricity and autarchy. These institutional patterns cover in part what Streeck and Schmitter (1985) call "social order" (by characterising four models of social order market, state, community and associative) and what Evers (1995) calls "rationale and social spheres" (market, state and informal sector). But neither does Polanyi explain how this economic behaviour leads to institutional patterns, nor do Streeck and Schmitter or Evers explain where these institutional patterns come from. In other words there is a theoretical need to explain "how the purposive action of the actors combines to bring about system-level behaviour, and how those purposive actions are in turn shaped by constraints that result from the behaviour of the system" (Coleman 1986: 1312). Our ambition here is to identify the main institutional patterns of economic co-ordination.

Confronted with recurrent situations where actors are better off if they co-ordinate their actions, they will be better off if they adopt the same behaviour each time they encounter the same situation. But as far as actors interact in different types of situation requiring them to co-ordinate their actions according to the relevant regularity of behaviour for a given situation, they have to rely on a common understanding of the situation. The understanding of the situation is itself facilitated by the co-ordination mechanism. These patterns of co-ordination may be seen as being institutionalised, since from an ethnomethodological approach, "reality, while socially constructed is experienced as inter-subjective world knownor-knowable-in-common-with-others" (Zucker, 1977: 727). The institutionalised character of these co-ordination patterns comes from the fact that they are perceived as both objective and exterior. They are objective to the extent that "they are repeatable by other actors without changing the common understanding of the act." They are exterior since their subjective understanding is reconstructed as inter-subjective understanding so that they are seen as part of the external world. Co-ordination mechanisms result from

the behavioural conformity to a convention but appear as objective to the actor. The term 'convention' has to be understood in its general meaning and covers several phenomena (norms, rules, laws, price), being commonly used as a co-ordination device in recurrent situations. They play the role of signals by which actors orient their actions.

In addition to market and hierarchy it is possible to identify two institutional patterns of co-ordination: the reciprocal and the political. Each co-ordination mechanism corresponds to an allocation mechanism, i.e. the mechanism by which resources are directed and distributed in the economy.

Whereas within market and hierarchy co-ordination is achieved by the interplay of the price mechanism and coercion respectively, co-ordination achieved by obligation characterises the reciprocal institutional pattern. Market transactions are transactions in which money is used as compensation in exchange of a good or a service. In contrast, reciprocal transactions are transactions in which money, goods or services are mutually exchanged as a result of the norm of reciprocity. Transactions occurring within the family or the personal network and involving personal links, are not co-ordinated by price considerations but by the social and moral obligations (norms). Neither are other types of transaction such as gifts, volunteer work co-ordinated by prices but involve conformity to a "general norm of reciprocity", defined as "a mutually contingent exchange of gratifications between two or more units" (Gouldner, 1960).

The obligation to requite a benefactor or to be grateful to him who bestows it, appears as a powerful co-ordination mechanism in personal transactions involving trust, and in non-personal transactions such as giving and volunteering. The existence of Homo Reciprocans (Fehr and Gächter, 1998) has been reported in several game experiments suggesting that "a large fraction of the people has a willingness to pay for rewarding kind and punishing hostile acts".

The political co-ordination mechanism involves two principles (or "signals") depending on the method used in order to reach an agreement on the common good:

- procedure, the definition of the common good is the result of a decision rule (majoritarian decision rule)
- deliberation, the consensus on the common good is reached by discussion.

#### 2.1.2 Compromises between co-ordination mechanisms

Voluntary democratic organisations constitute a political governance system that allows the coexistence of several co-ordination mechanisms. They constitute a political governance system as far as, contrary to privately owned firms, the decisions relative to the allocation of resources are made on the basis of either a procedure or a deliberation. But individual activities within such organisations also involve other types of co-ordination mechanisms. What types of individual activities are co-ordinated by voluntary organisations?

First, contrary to for-profits, which are composed of four main types of agents, (the owners, the managers and the employees and the clients), voluntary organisations need to co-ordinate the activity of members, trustees, volunteers, managers, clients or users and employees. Secondly, whereas the funding sources of for-profit are constituted by the markets where they operate, voluntary organisations may find their funding sources by selling goods and services on different markets, by attracting voluntary labour, by collecting donations, or by contracting with different public agencies. From an internal perspective, voluntary organisations have to co-ordinate the activities of individuals having different types of motivations and interests.

This necessitates the use of different co-ordination mechanisms. Volunteers and donors will act according to the reciprocal co-ordination mechanism, whereas employees will act according to the (labour) market co-ordination mechanism. From an external

perspective, voluntary organisations, in order to operate, need to deal with different types of environments, each of these being characterised by a dominant co-ordination mechanism. Relationships with state agencies will be governed by a hierarchical coordination mechanism; relationship with donors by a reciprocal co-ordination mechanism. Relationship with clients or members are of particular interest, since they may mobilise according to the type of good and service provided by the voluntary, market, reciprocal or hierarchical co-ordination mechanisms, or a mixture of these A commercial voluntary organisation may sell its services on the market and act uniquely according to the market co-ordination mechanism, whereas a totally public funded voluntary body may provide its services exclusively to those who are eligible (according to the law) for this type of service and act according to the hierarchic co-ordination mechanism. A voluntary organisation may equally use only voluntary work and provide services only on a voluntary basis, then acting according to the reciprocal mechanism.

But more interesting for our purpose, are voluntary organisations mixing funding sources in order to provide services to their clients. These organisations may be partially publicly funded and sell their services at a residual price and then combine market and hierarchical co-ordination mechanisms. They may equally sell services produced partially by volunteers and then combine the market and reciprocal co-ordination mechanisms. In brief, voluntary organisations have the possibility to combine funding sources necessitating a compromise between different co-ordination mechanisms. This ability to compromise (allowed, as we will see, by the specific distribution of property rights characterising voluntary organisations) supposes, in order to be effective, the existence of a governance system able to integrate the different co-ordination mechanisms. In this sense, the political mechanism of coordination constitutes a governance system by which the three types of co-ordination mechanisms (market, reciprocal and hierarchical) are integrated within the organisation. Whereas a simple compromise involving two co-ordination mechanisms, for example, embedded market relations (a market/reciprocal compromise) is manageable by individuals outside the organisational form, complex and multidimensional compromises involving several co-ordination mechanisms and a plurality of actors need to be integrated and governed. The political governance system plays such a role.

#### 2.1.3 Democratic governance

There is one specific feature which characterises voluntary organisations when compared with for-profit and governmental organisations, that is their specific distribution of property rights (no residual claimant, control by the member). In turn, this specific distribution contributes to shape the contours of their governance system incorporating: a membership-based control structure usually characterised<sup>4</sup> by a general assembly of members controlling and electing a board which may or may not hire a paid executive manager. In membership organisations the AGM controls the activity of the board and in which ultimate authority is vested.

 a co-ordination structure allowing them to act in different types of environments characterised by different co-ordinating mechanisms and to combine them.

In effect, three types of property rights may be distinguished (Furubotn and Richter, 1998: 77):

- the right to make physical use of physical objects (ius utendi)
- the right to the income from the use of physical objects (*ius fruendi*)

<sup>&</sup>lt;sup>4</sup> It is possible to distinguish (Salamon 1997) "membership organisations" from "board-managed organisations". In the case of membership organisations, ultimate authority rests with the membership, whereas in board-managed organisations are self-perpetuating. We focus here on membership organisations since, as we will see later on, board-managed organisations have to be considered as non-democratic organisations.

- the power of management, including that of alienation (*ius abutendi*)

A voluntary organisation is characterised by a specific distribution of these rights:

- the right to make use of physical objects is opened to the members
- there is no right to the income
- the power of management is delegated by the general assembly to the executive committee
- the power of alienation is limited.

By contrast, a corporation is characterised by a number of contractual arrangements such as limited liability, specialisation in ownership and management, organised stock exchanges (Eggertsson, 1990). Firms are usually classified in terms of contractual arrangements that govern the ownership of their residual income (the sum that remains when those with fixed pay-off contracts have been paid). This classification aims at focusing attention on the extent to which chief decision-makers bear the wealth consequences of their action.

In the open corporation, residual claims can be owned by outsiders who have no managerial duties, leading to agency problems. Voluntary organisations have no residual claimants and are controlled by the AGM.

The main problem when considering the functioning of democracy within a voluntary organisation is that the organisation's claim to be a democratic body is not necessarily confirmed by the reality of the organisation. According to Michels (1949), almost all voluntary organisations are characterised by the "iron law of oligarchy" i.e. the control of the organisations by those at the top, and a diminishing influence of members. By controlling resources (knowledge, means of communication, skills in the art of politics), the leaders have an advantage over members who have neither time

and nor resources allowing them to compete for power with the leaders.

Lipset et al. (1962) consider three factors leading to oligarchic governance of voluntary organisations. *First*, large-scale organisations give voluntary organisations officials a near monopoly power. *Second*, the leaders want to stay in office. The leaders of voluntary organisations may gain prestige and material benefits from their positions and may have more power than the average middle-class person. *Third*, the member may be passive. Although a high level of participation is not necessarily a sign of democracy, the maintenance of effective opposition to leaders requires membership participation.

Taking into account this problem leads from a methodological point of view to what Panebianco (1982) calls "the dilemma of rational model versus natural system model." According to the rational model, organisations are instruments for the realization of specific goals whereas the natural model sees the organisations as "a structure which responds to, and adjusts itself to, a multitude of demands from various stakeholders, and which tries to maintain balance by reconciling these demands." According to the natural model, the real aim of a voluntary organisation is a present a facade behind which the real aim, the survival of the organisation and the perpetuation of the leaders, is concealed.

Official aims cannot be reduced to a mere facade in as far as they are part of an ideology necessary to maintain the identity of the organisations in the eyes of their supporters (members, funders, donators). But at the same time, organisations develop a tendency towards self -preservation and growing diversification of aims under the pressure of their environment.

Democracy within an organisations (the influence of the members over the decisions) can be analysed as the result of competing trends affecting the organisations. On the one hand, certain processes play in favour of an oligarchic structure, but on the other hand, the need to acquire internal and external support may counteract this tendency towards oligarchic governance.

In order to analyze how these competing trends affect the functioning of democracy within the organisation, one must clarify the normative conception of democracy used in order to assess the democratic functioning. In effect, two main normative conceptions of democracy may be distinguished, *procedural* and the *deliberative*.

#### Procedural democracy

Pluralist procedural theories of democracy encompass networks of relationships linking individual citizens, social organisations and the political system (Dahl, 1989). In the pluralist perspective, power is not hierarchically and competitively arranged, but stems from a bargaining process between numerous groups representing different interests. The freedom of citizens to organise themselves in civil society provides the basis for that plurality of opinion that makes democracy possible.

#### Deliberative democracy

Habermas is considered as one of the prominent theorists of deliberative democracy. His contribution makes a synthesis between two traditions. On the one hand there are the classical liberal views which emphasise the impersonal rule of law and the protection of individual freedom, and on the other hand, the civic republican tradition which sees the democratic process as a collective deliberation. Habermas is able to make this synthesis by recognising the tension that characterises the modern law between facticity and validity. Legal norms require compliance regardless of individual motivation, but at the same time should have a rational basis in order to be accepted as legitimate. Liberalism stresses the need for autonomy whereas republicanism stresses the need for legitimacy. Habermas argues that both sides are indispensable and cannot be reduced to the other, and links the informal discursive source of democracy (based on communicative action) and the formal policy making institutions of democracy (based on action oriented toward success). This tension within the democratic process implies that

formal institutionalised deliberation must be permeable to inputs from informal public spheres.

The two main features of voluntary organisations forming a community-based -economy, i.e. (i) their ability to realize compromises between co-ordination mechanisms and resources and (ii) their democratic political governance- are closely interwoven. Members' active participation in democratic decision-making organs as well as members volunteering are pre-conditions for the organisation to function on the basis of the reciprocity principle. The fact that the share of commercial resources within the total resources of an organisation does not necessarily indicate its transformation into a commercial body. It may be the sign of the vitality of this community-based economy if at the same time there is no disengagement of the members. But by the same token the development of market-based relations between the members and the organisation - by reducing members' active participation - will contribute to transform the nature of these organisations from community-based to commercial organisations.

The next section is devoted to the empirical analysis of the community-based economy of voluntary sport organisations in Norway and will examine how commercial resources are associated to voluntary work in a community-based economy. The question of the link between the development of customer behaviour by the members and the fall of participation will be examined in Chapter 3.

# 2.2 Norwegian voluntary sport organisations and the community-based economy

According to our theoretical understanding of a community-based economy, the organisations belonging to this economic sub-sector have to display two characteristics: (i) to realise a compromise between several co-ordination mechanisms, and (ii) to embody a democratic governance. This section will focus on the first characteristic and analyse empirically the resources of voluntary sport

organisations. The main issue will be to identify how these resources, and particularly the voluntary and commercial ones, are articulated. Before proceeding to the analysis a short presentation of the data used is given.

#### 2.2.1 Data

The following empirical analysis is based on survey data of both the Norwegian voluntary organisations and their members. The data come from the "Survey of Norwegian mass sport organisations and their members" (Enjolras, Seippel, 2000). Two surveys were conducted, one at the organisational level (sport clubs) and one at the individual (club's members) level. The empirical analysis is based on two representative samples. The club sample is composed of 294 voluntary mass-sport organisations. The sample was randomly drawn (simply random sampling) from The Norwegian Sport Confederation's list of voluntary sport clubs. In 1998, the club population was 6939 clubs according to Norwegian Sport Confederation's data base. The only variable available within the Norwegian Sport Confederation's data base in order to approximate the sample size was the number of members of a club. The mean of the population was about 195 and the standard deviation about 652. With a 10 percent error margin and a 95 percent confidence interval the sample size was estimated at 384.

Anticipating a response rate of about 60 percent we estimate the size of the sample of being about 449. We took a margin of 100 clubs to allow for an eventual lower response rate so that our sample was about 549. The response rate was about 53,6 percent so that our data constituted about 294 clubs. This sample size guarantees within a 95 percent confidence interval that the error margin due to sampling will not exceed 12 percent. However, non-response constitutes a well-known source of sampling error since the sample is no longer necessarily self-weighted. Comparing the frequency distribution of the clubs according to the number of members for the entire population, whereas the initial sample distribution (549 clubs) reflects the population distribution, the data

sample (284 clubs) displays an under-representation of the small clubs and an over-representation of the medium-size clubs. In order to get a representative data set the data has been weighted according to the number of members.

The members' sample used here is a sub-sample of members aged 17 and above. The sample is composed of 1216 members of voluntary sport organisations. The sample was drawn from the membership lists of the clubs constituting the club sample. One of ten members in each club was randomly selected. The probability of selection of a member was then 0.10\*total number of members of the club. The variable "total number of members of the club" is weighted according to the distribution by size (number of members) of the clubs within the club population which guarantees that the sample of club is representative of the population of clubs. The probability sample weights are computed in order to correct for the design of the sample and are inversely related to the probability of selection for each member. In addition, in order to correct the sample for non-response, the sample age distribution of members is weighted according to the distribution within population of sport clubs members.5

The weights w are computed as follow:  $w = \frac{P_u n}{S_u}$  with  $P_u$  the propor-

tion of each group (according to their age) within the population of members,  $S_u$  the proportion of each group within the members sample and n the number of unit (members) within the sample.  $S_u$  is computed using a data set weighted by  $w_u = 0.1 C_m$  where 0.1 is the probability of selection of a club member and  $C_m$  is the weighted total number of members for each club :  $C_m = \frac{P_c C}{S_c}$ , [ $P_c$  being the proportion of each group of club (according to

their size) within the population of clubs,  $S_c$  the proportion of each group within the sample of clubs and C the number of clubs within the sample].

#### 2.2.2 Commercial and voluntary resources

This section aims at assessing the extent to which Norwegian voluntary sport organisations rely on commercial and voluntary resources. As we will see in detail, the apparent paradox of these organisations is that in spite of relying heavily on commercial resources they still mobilise an important volume of voluntary work. Indeed, it is possible to distinguish between two types of transactions (Polanyi, 1957; Zelizer, 1998): commercial transactions where money is used as compensation in exchange for a good or service, and reciprocal transactions where money, goods or services are mutually exchanged as a result of the norm of reciprocity (the obligation to requite what has been given).

These transactional principles may be conceived as coordination mechanisms or patterns (cf. 1.1.1. above). In market exchanges, the values are exchanged at bargaining rates (Polanyi et al., 1957), i.e. the prices and which are determined by the interplay of supply and demand i.e. by the market mechanism. In reciprocal transactions the values are exchanged as the result of a reciprocal obligation. How important are commercial and voluntary (reciprocity-based) resources for Norwegian voluntary sport organisations?

In order to measure the importance of commercial resources we

Table 1. Average commercial revenues structure

	Competition		Renting		And	illary	Spo.	nsors	Total Comm.		
	1000	percent	1000	percent	1000	percent	1000	percent	1000	percent	
	Kr		Kr	Kr		Kr		Kr		Total	
Mean											
(1)	51.5	19.7	14.6	5.5	121.2	46.3	74.2	28.3	261.7	100	
Std.											
Devia-	179.0	27.48	56.0	18.20	336.0	35.50	493.9	19.68	872.8	100	
tion											
N	218		218		218		218		218		

(1) Significant at the 1 percent level for all the variables

will use the percentage of the club's total revenue derived from commercial activities. However, 'commercial resources' requires to be carefully defined. Our data permits us to distinguish between four types of commercial activity h: revenues from competitions, revenues derived from renting (hiring) infrastructure facilities, revenues from ancillary activities, and revenues from sponsors.

The qualification of ancillary resources is the most problematic insofar as this category is heterogeneous. It includes, among other things, purely commercial and fund-raising activities such as lotteries and flea markets designed at achieving support from the local community.

Resources from ancillary services represent 46.30 percent of commercial income; resources derived from competitions 19.78 percent, sponsors 28.35 percent and hiring 5.57 percent. Resources from ancillary services are the main source of commercial income for most of the clubs and account for more than a half of all income for 51.7 percent of the clubs.

Given the importance of ancillary resources and their heterogeneity, the definition of this type of resource (commercial or voluntary) will be determinant for the analysis of the level of commercialisation. In order to deal with this problem and with the limitations of the data we will use three *definitions of commercialisation*. The *first* definition (hereafter called "extensive definition") will aggregate the four sources of commercial income (revenues from competitions, infrastructures hire, ancillary activities and revenues from sponsors), considering ancillary activities as commercial. The *second* definition (hereafter called restrictive definition) will exclude ancillary resources from commercial income. One issue will there-

In addition to competition and sponsors, sport clubs may acquire revenue from owning sport infrastructure and hiring these to users outside the club (revenue from infrastructure rentals) and from developing activities which are not directly related to the practice of sport (flea markets, sale of equipment, cafeteria, sale of non-sport related services) that are classified as ancillary activities.

Commercial Members **Public** Sport Total Federat. fees grant Income percent 1000 percent 1000 percent 1000 percent 1000 percent 1000 Total Kr Kr Kr Mean 61.16 128.8 30.07 31.8 7.42 5.7 1.33 428.2 100 261.7 (1) Std. Devia-872.8 823.6 82.6 40.5 129.8 tion 218 218 218 218 218 Ν

Table 2. Average revenues structure (Extensive definition)

(1) Significant at the 1 percent level for all the variables

fore be to assess the extent to which alternative definitions affect conclusions of the analysis.

In addition, members' fees may be of a commercial nature. In order to take this fact into account we compute the share of members' fees that are based on a market transaction. In order to do so, we use a variable at the individual level where the respondents were asked to state their opinion of the purpose of the membership fee paid to the organisation. Three possible responses were available, contributing to the community, buying a service, obtaining a right to participate in a sport activity. This variable called "market relation" is coded 0 when the respondent states " contribution to the community, and 1 otherwise. When coded 1, we consider that the respondent conceives himself as a customer of the organisation whereas when coded 0 we consider that the respondent conceives himself as a member of a larger community. A weighted average share of members conceiving themselves as clients is computed by organisation and used to compute the share of "commercial members' fees". The third definition of commercialisation(hereafter called "commercial members fees included") will add to the sources of income used in the restrictive definition of the commercial members' fees.

In order to assess the level of commercialisation of voluntary sport organisations, we first compute the average proportion of commercial income. Interestingly, commercial resources represent between a third and a half of the total resources, dependent upon the definition of commercial resources used.

On average, commercial sources of income (extensive definition) represent 61.2 percent of the total revenues of the clubs (Table 2), whereas members' fees represent 30 percent, public grants 7.4 percent and Sports Federation grants 1.3 percent. Commercial sources of income constitute the prime source of income for voluntary sport organisations. When ancillary activities are excluded, the proportion of commercial revenues is 32.9 percent of total revenue (Table 3). Adding the commercial members fees to the restrictive definition of commercial income does radically not change the picture. The proportion of commercial revenues becomes 37,5 percent of total revenues (Table 4).

How representative are these average resources structure for all clubs? When measuring the level of commercialisation according to the extensive definition, 61.5 percent of the clubs have more than 50 percent of their total revenue coming from commercial sources. Using the restrictive definition, 63.2 percent of clubs have less than

Table 3. Average revenues structure (Restrictive definition)

	Comr	nercia	l Anc	illary	Men	Members		Public		Sport		Total	
	·				fe	fees		grant		Federat.		Income	
'	1000 per- 1000 per-		per-	1000	per-	1000	per-	1000	per-	1000	per-		
	Kr	cent	Kr	cent	Kr	cent	Kr	cent	Kr	cent	Kr	cent	
Mean													
(1)	140.5	32.88	121.2	28.3	128.8	30.07	31.8	7.42	5.7	1.33	428.2	100	
Std.													
Devia-	605.2		336.0		823.6		82.6		40.5		129.8		
tion													
N	218	•	218	•	218		218		218	•	218		

(1) Significant at the 1 percent level for all the variables

30 percent of their total revenue derived from commercial sources.

Public grants represent less than 20 percent of total resources for 82.3 percent of the clubs whereas 85.4 percent of the clubs receive no support from the Sports Federation. Membership fees represent less than 30 percent of the resources for 60.5 percent of the clubs.

The distribution of clubs according to their level of commercialisation depends upon the definition of commercialisation used. Using the extensive definition, it appears that for most of the clubs commercial resources are the most important sources of income. Using the restrictive definition, we see that commercial resources represent less than 50 percent of resources for 87.5 percent of clubs. Since the distribution is relatively concentrated between 20 percent and 50 percent of the total resources for both commercial income (restrictive definition) and income from ancillary activities, one can at least reconcile the findings by stating that most of the clubs display a high share of self-earned income.

Another important resource for voluntary sport organisations is voluntary work. On average, 52 hours are worked voluntarily weekly within voluntary sport organisations.

The descriptive analysis of the main resources of voluntary

Table 4. Average revenues structure (Commercial members fees included)

	Commer- cial		r- Ancil- lary		Members fees		Public grant		Sport Federat.		Comm. Members Fees	
-	1000	per-	1000	per-	1000	per-	1000	per-	1000	per	1000	per
	Kr	cent	Kr	cent	Kr	cent	Kr	cent	Kr	cent	Kr	cent
Mean (1)	140.5	32.88	121.2	28.3	108.8	25.4	31.8	7.42	5.7	1.33	20.0	4.7
Std.Devi												
ation	605.2		336.0		823.6		82.6		40.5		176.6	
N	218		218		218		218		218		218	

(1) Significant at the 1 percent level for all the variables.

sport organisations reveals the main contours of the pattern of commercialisation characterising this field of the voluntary sector. First, most organisations rely on commercial income. Second, about a half of the organisations display a level of commercialisation exceeding the mean level when using the extensive definition. (This proportion is reduced to 25 percent when using the restrictive definition).

The relatively high proportion of commercial income displayed by Norwegian voluntary sport organisations does not mean that these organisations have been transformed into for-profit or commercial entities or that they do not longer rely on a voluntary basis. On the contrary, commercial incomes are a direct consequence of voluntary inputs. In effect, voluntary sport organisations typically display one of the major specific features of the Norwegian voluntary sector that of organising a "community-based economy" where voluntary work is used in order to produce outputs sold on the market and to generate monetary resources for the voluntary organisation. In order to demonstrate this affirmation it is necessary to study in detail the relationship between commercial incomes and voluntary work.

## 2.2.3 The relation between commercial incomes and voluntary work

Since voluntary organisations have different sources of income the relationship between each type of resources and their eventual crowding out effect <sup>7</sup> have constituted an important research field for the economics of voluntary organisations. The main question has been to determine whether and to what extent an increase in one type of resource leads to a decrease in another.

The crowding out effect design the substitution of one resources by another. If it is the case that commercial resources crowd out voluntary resources, one should be able to measure the decrease of voluntary resources when the commercial resources increase.

Most of the research efforts have been deployed on studying the crowding out effect of government spending on monetary donations. (Steinberg, 1991; Abraham & Smith, 1978, 1985).

Other types of crowding out effect have been also investigated such as profit and donations (Kingma, 1995) and sales and donations (Segal & Weisbrod, 1998). These studies have in common that of first at looking at monetary resources and second, looking at the crowding out effect at the organisational level. However, when it comes to donations, in particular voluntary work, the decision to contribute is taken at the individual level. The crowding out effect may be understood as the result of choices made by donors or volunteers at the individual level and by the decision-making organ at the organisational level. Empirical studies of crowding out effect test hypotheses at the organisational level. For example, Segal & Weisbrod (1998: 106) examine the "hypotheses that nonprofits commercial sales activities are mechanisms for financing their principal mission and that nonprofits prefer to avoid such activities". If donations are the preferred source of revenue, then donations will crowd out commercial incomes, commercial activity will decrease with increased donations.

Another possible explanation of the crowding out effect may be that individuals giving money and time either display an aversion to commercial activity or adjust their contribution to the resources needed in order for a collective good to be produced. In the first case, the individual's level of involvement toward the organisation may decrease because commercialisation is perceived as an indication that the goal of the organisation has been displaced. Individuals are not longer willing to contribute to such an organisation. In the second case, the individual's decision to contribute is motivated by the utility derived from the availability of the collective good produced by the organisation. To the extent that revenues from sales are used in order to cross-subsidise the production of a collective good (the mission-related output), commercial revenues and voluntary donations are substitutable inputs for producing a collective good. If the individual is sensitive to the availability of the

collective good but not to the way it is funded and produced, increased commercial income may reduce voluntary contributions.

However commercialisation may not crowd out voluntary work when, as seems to be the case for Norwegian voluntary sport organisations, voluntary work is used to generate commercial resources that in turn are used to produce a collective (mission-related) good. In this case, if the individuals value the collective good, they have the incentive to contribute by working voluntarily. This situation should lead to the presence of a crowding-in effect (at least to a given point) where increased commercial income is associated with increased voluntary work.

In order to assess whether commercialisation crowds out voluntary work or not, we will test the presence of a substitution effect between commercial resources and voluntary work at the organisational level. This is necessary, since the individual's voluntary labour supply may be seen as being partially dependent on the amount of collective goods supplied by the organisation that is cross-subsidised by commercial resources. According to this view the individual member will reduce his voluntary labour supply when the level of commercial income increases as long as the amount of collective good provided does not vary. This hypothesis requires that commercial income and voluntary work are substitutes. Conversely, if voluntary work and commercial income are complementary, that is if voluntary work is used to generate commercial incomes to be effected in the production of the collective good, individual members will increase their voluntary labour supply when the level of commercial income increases (crowdingin effect).

The results of the estimation are presented in Appendix 1. *First*, they indicate that *there is no crowding out effect of commercialisation on voluntary work*. The explanation is that *voluntary work is used as input for generating commercial income*. That is the case when, for example, volunteers arrange a competition or work at the club's cafeteria.

Indeed, whereas it is the case one finds a positive association between (i) commercial income and given characteristics of the organisation's activity, and (ii) between (voluntary) labour intensive activities and amount of voluntary work. A way to assess this association consists in testing the following hypotheses:

- H1: The ownership of a facility (i) makes easier the generation of commercial incomes from facilities renting and ancillary activities, and (ii) is labour intensive, i.e. requires a higher amount of (voluntary or paid) labour.
- H2: Team sports are (i) more likely to attract sponsors at the local level and to generate commercial income than individual sports, and (ii) require a higher amount of (voluntary or paid) labour in order to develop and manage sponsors' relations.
- H3: The more competitive-oriented is the organisation, (i) the more likely are incomes coming from organised competition, sponsors, media and ancillary activities to be generated, and (ii) the greater the volume of (voluntary or paid) labour necessary to manage these activities.

The result of the estimation of the relation of (i) commercial income and (ii) voluntary work to the three variables characterising the activity of the voluntary sport organisation shows that all the coefficients are positively associated with both the amount of commercial income and the number of voluntarily worked hours. Voluntary work consequently constitutes a significant input for the generation of commercial income. The empirical test at the organisational level of the crowding out effect of commercialisation on voluntary work supports the hypothesis that voluntary work constitutes an input for the generation of commercial income. Voluntary work and commercial income are not substitutes but complementary to each other.

Second, members' fees appear to crowd out voluntary work. The coefficient for members' fees suggests that members will respond to an increase in members' fees by decreasing their supply of vol-

untary *work*. This indicates that members face a trade-off between monetary contribution and in-kind contribution.

In this section we have examined the relationship between voluntary labour supply and commercial income for a voluntary organisation. Empirical results using cross-sectional data on voluntary sport organisations in Norway and on their members do not show a decrease in voluntary work following from an increase in commercial income. The findings suggest that the absence of this crowding out effect between voluntary labour and commercial income is due to the fact that voluntary work constitutes an input for the generation of commercial income. Voluntary work and commercial income appear as complementary resources for the voluntary organisation.

# Commercialisation, participation and democracy

Commercialisation may be defined as a process leading to the *replacement of transactions based on reciprocity by transactions involving compensation* (i.e. sales in a market). In other words, the production and consumption of goods and services is no longer realised by means of voluntary involvement, gift or domestic relations but by means of market exchange (buying and sale). Following this definition, two types of commercialisation processes have to be distinguished.

In effect, commercialisation may occur at the *organisational level* as the share of resources coming from sales. But at the *member level*, the qualification of the monetary exchange depends on the *meaning* (determined by the cultural and social context of the exchange) that actors involved in a monetary transaction give to the exchange. Membership dues may, for example, be interpreted as compensation or gift. Indeed, a member paying his membership dues to a voluntary organisation may interpret his act in two ways. He can first think about paying his membership dues as his contribution to the community formed by the voluntary organisation. But he can also interpret membership dues as the price to pay in order to buy the service provided by the organisation. In this case, commercialisation occurs when the members conceive themselves no longer as members of a community (where the transactions are based on reciprocity) but as customers of the voluntary organisa-

tion (basing their transactions on compensation according to the market mechanism).

This chapter is concerned with the effect of the commercialisation of the relationship of the voluntary organisation with its members on the internal democratic functioning of the organisation. The issue addressed by this chapter is to determine to what extend the development of market transactions (commercialisation) "crowds out" members active participation in democratic decision-making. Our hypothesis is that the level of members participation has an impact on the availability of voluntary resources.

Indeed, since Tocqueville, voluntary organisations has been considered as a necessity for the good functioning of democracy. The contribution of voluntary organisations to societal democracy is likely to increase with individual's participation within these organisations. By weakening participation within voluntary organisations, commercialisation may threaten the specific contribution of voluntary organisations to societal democracy.

The next section proposes a general framework aiming at conceptualising the relationship and eventual trade off between commercialisation and participation. Market transactions and participation are seen as alternative modalities to carry out transactions. However the values inherent to market exchange and to political transactions may conflict. One of the dimensions of this conflict is the way in which the costs and benefits associated to these two types of transaction are assessed.

Participation in decision-making will be apprehended as members' participation to the general assembly of the voluntary organisation. Section 3.2 analyses the determinants of participation in the general assembly and relates the decision to participate to the level of commercialisation of the organisation. Participation in the general assembly exemplifies the procedural democracy. Finally, section 3.3 tests the hypothesis derived from the analysis presented in section 3.1 according to which the availability of "relational goods" associated with participation is reduced with the commercialisation of the organisation.

## 3.1 The trade off between market transactions and participation

Both market transactions and participation may be thought as alternative modalities to carry out transactions. Market exchange is the more common way to carry out transactions but not the only one. Market exchanges as well as democratic participation take place within an institutionalised framework facilitating the resolution of the co-ordination problems encountered by the persons involved in a transaction.

Voluntary organisations may be analysed as an institutional form allowing the realisation of compromises between several coordination principles. But these co-ordination principles involve conflicting norms that in turn present different types of benefits and costs for the individual. In effect the ideals that characterise the political co-ordination mechanisms are embodied in norms that are radically different from the norms of the market (Anderson, 1990).

For Anderson (1990: 182), five features of the social norms and relations of the market are particularly important for understanding its distinctive character:

"First market relations are impersonal ones. Second the market is understood to be a sphere in which one is free, within the limits of the law, to pursue one's personal advantage unrestrained by any consideration for the advantage of others. Third, the goods traded on the market are exclusive and rivals in consumption. Fourth the market is purely want-regarding: from this standpoint all matters of value are simply matters of personal taste. Finally, dissatisfaction with a commodity or market relation is expressed primarily by "exit" not "voice"."

By contrast, the mode of valuation which is inherent to market exchange (use value) is not compatible with the values that sustain political transactions (Anderson, 1990: 193). In political transactions, individuals exercise their freedom of choice through voice, not exit Hirschman, 1970). Secondly, political co-ordination

mechanisms distribute goods in accordance with shared principles and not in accordance with unexamined wants as market does. In addition, within a political co-ordination mechanism framework, the goods are provided on a non-exclusive or basis.

The differences of norms characterising market and political coordination mechanism, entail that costs and benefits of participation in a political decision-making process differ from those characterising a market transaction.

The consumer may enter into a pure market relation with a voluntary organisation over which he has no influence regarding the service (its quality, the nature of the product etc.) except by using the exit option, i.e. by entering a market transaction with another provider. This attitude may be motivated by the simplicity of the solution (avoiding any face-to-face confrontation) and by the low cost associated with it. As shown by Hirschman (1970) the alternative is to participate (in the case of voluntary organisations to participate as member in the democratic decision-making process). But this alternative option is costly. Participation in a political decision-making process puts demands on 'people's scarce resources (Rosenstone and Hansen, 1993). Participation has a price, that is a certain combination of money, time, skill and knowledge (Verba et al., 1995).

These resources are distributed differentially among groups defined by socio-economic status and have powerful effects on overall political activity, thus explaining why socio-economic status has traditionally been so powerful in predicting participation (Brady et al., 1995).

In social life, people with greater resources can consume more of almost everything (including participating in voluntary organisations). People with abundant money, time, skill and knowledge devote more resources to participation, not only because they get more in return (although they might) but because they can more easily afford it. By comparison with the exit option (i.e. behaving as a customer of the organisation) two types of cost-participation must be taken into account:

- The opportunity cost expressing the anticipated value of "that which might have been" if a different choice had been made. In the case of participation activities the most obvious alternatives are to devote more time to work and to increase income, or to devote more time to the family.
- The direct cost: money that members spend in participation activities.

Having only limited time to devote to numerous activities, individuals may prefer to enter into a market transaction (which is time saving) in order to use their restricted time for other purposes if the benefits of participation are not high enough.

Democracy assumes the participation of members. But as stated by Olson (1965), the individual contribution to collective action is not evident since the benefit that each individual obtains from collective action may be inferior to the individual cost of participation. Individuals may be tempted to a free ride, considering that if some of the members participate and defend their interests, they can reap the benefits of voice without bearing the costs. That people participate in politics and in voluntary organisations, and even vote in elections, remains an anomalous fact for rational choice models. Narrow versions of rational choice do not suffice to explain participation. But as stated by Brady et al. (1995) "the theory can be salvaged by enlarging the theory to specify a much wider range of benefits that can enter the utility calculus of the potential activist."

People participate in political decision-making processes because they get something out of it. Several typologies of the benefits of participation have been put forward. Clark & Wilson (1961) have distinguished three types of benefits stemming from participation: *material* benefits, that is tangible rewards that are easily converted into money; *solidary* benefits stemming from social interaction like

status, deference and friendship; and *purposive* benefits, defined as intrinsic rewards that derive from the act of participation itself (sense of satisfaction from having contributed to a worthy cause).

Another possible typology is that of Olson (1965) which distinguishes between collective rewards, i.e. benefit to every member of a particular group whether they participate or not, and selective rewards that benefit only people who participate. Brady et al. (1995: 11), building on Olson (1965) and on Wilson (1973), consider "four kinds of motivation – three of them are selective benefits- selective material benefits, social gratifications, civic gratifications". In addition they consider the desire to influence collective policy (collective benefits).

Another approach to the consideration the benefits of participation is to stress the fact that participation does not occur in a social vacuum. People are embedded in a web of social relationships with family, friends, neighbours and co-workers (Rosenstone and Hansen, 1993). In participating, people consume "relational goods" (Uhlaner, 1989; Gui, 2000). In effect, rational choice models of action usually consist of a decision maker optimising its utility function in a situation where costs and benefits can be calculated independently of the situation of others. Uhlaner (1989) introduces into the utility function a set of objectives called "relational goods" which depend upon interactions among persons. These goods arise as a function of a relationship with others. "They are thus unlike private goods, which are enjoyed alone, and standard public goods, which can be enjoyed by any number. Moreover, with most public goods, my enjoyment is not enhanced by yours. The utility depends only upon the person's level of consumption of the good for both private and public goods whereas for a relational good the person's utility increases as his or her own consumption increases and as the consumption of some a specific other or member of a defined set of people increases" (Uhlaner, 1989: 254).8

Like club goods (Buchanan, 1965), relational goods enter into two or more persons' utility functions. But contrary to club goods for which joint production is undertaken to achieve economies of scale and where congestion pres-

Three elements (Ulhaner, 1989: 255) associated with the concept of relational goods are important when considering an explanation of participation in political decision-making processes. First, relational goods can take many forms (social approval, solidarity, friendship, the desire to be recognized by others, the desire to maintain an identity, other aspects of sociability, and some instance of fulfillment of a duty or moral norm) that encompass the different types of benefits usually considered under the notion of selective incentive. Second, these goods require reciprocity; they cannot be pursued independently of the identity of the other(s) involved in the transaction. Thus market transactions ("goods which arise in exchanges where anyone could anonymously supply one or both sides of the bargain" [Ulhaner, 1989: 255]) are not relational. Third, the introduction of relational goods in the analysis transforms the collective action prisoner's dilemma (Hardin, 1982) into a co-operative game.

To sum up, the decision to participate may be seen as the result of a cost-benefit calculus. On the cost side, taking into account both opportunity and direct costs of participation leads us to expect that individuals with abundant resources in terms of time, money and skills will be more likely to participate than people with scarce resources. On the benefit side, in addition to the direct utility of the good provided by the voluntary organisation, participation allows the enjoyment of the benefits of relational goods. Consequently, organisations characterised by a high level of availability of relational goods should display a high level of participation.

From this theoretical discussion of the costs and benefits of participation it is possible to construct two hypothesis in order to empirically test the relationship between the level of commercialisation of the voluntary organisation on the one hand and the level of participation in democratic decision-making process on the

ents a cost, the unanimity of consumption itself provides a benefit, and congestion increases utility in the case of relational goods.

other. The discussion of the costs of participation in terms of money, time and skills, leads to the formulation of the first hypothesis:

H1: The higher the resources of the individual in terms of money, time and skills, the higher the likelihood that s/he participates in the democratic decision-making process.

The discussion of the benefits of participation, linking the benefits of participation to the availability of relational goods, leads us to expect that:

H2: The higher the level of commercialisation of the voluntary organisation, the lower is the availability of relational goods within the organisation and the lower is the likelihood that the individual participates in the democratic decision-making process.

#### 3.2 Participation in the general assembly

In this section we examine the determinants of participation in the general assembly of voluntary sport organisations and assess the impact of the commercialisation of the organisation on the level of participation. Two aspects of commercialisation have to be distinguished depending on the level, organisational or individual, considered. In effect, commercialisation may understood at the *organ*isational level as the share of resources coming from sales. But at the *member level* the qualification of the monetary exchange between the individual and the organisation occurring when the member pays membership fees, depends on the meaning (determined by the cultural and social context of the exchange) that the actors involved in the monetary transaction give to the exchange. Membership fees may, for example, be interpreted as compensation, or a gift. In this case, commercialisation occurs when the members no longer conceive themselves as members of a community (where the transactions are based on reciprocity) but as customers basing their transactions on compensation according to the market mechanism.

Table 5. Do you usually participate in the general assembly?

	Frequency	Percent
Yes	487	40.45
No	717	59.55
Total	1204	100

In this section we firstly describe the main characteristics of the members participating in the general assembly. Secondly, the impact of commercialisation on the level of participation and on the availability of relational goods is assessed.

#### Who participates?

What is the level of participation in the general assembly of local clubs and who participates? Table 5 shows that 40 percent of the members of voluntary sport organisations usually participate in the general assembly. When considering socio-economic characteristics (Table 6), variations in participation rate appear. Men participate more than women, married individuals more than individuals characterised by other family status. Surprisingly, and contrary to what the main theoretical approaches relative to voluntary organisations participation lead us to expect, the rate of participation decreases with the level of education. Participation increases with age and the rate of participation is higher in organisations located in small towns. Individuals conceiving themselves as a customer of the organisation participate less than those conceiving themselves as members of a larger community.

In sum, participation is higher for older men who are married, live in a small town, and have a low level of education. Participation in Norwegian voluntary sport organisations presents unusual features that contradict both predictions made by the main theories explaining participation in voluntary organisations, and the empirical findings that relate participation to socio-economic status.

Table 6. Participation in the general assembly by socioeconomic characteristics

Participate	Yes. in percent	No. in percent
Men	43.52	56.48
Women	34.82	65.18
Married	41.02	58.98
Other family status	39.69	60.31
Higher level of education University	32.89	61.11
Higher level of education College	38.10	61.90
Higher level of education		
High school	40.56	59.44
Higher level of education		
7 years	45.45	54.55
Age $> 18 \le 20$	23.81	76.19
$Age > 20 \le 30$	29.44	70.56
$Age > 30 \leq 40$	40.85	59.15
$Age > 40 \leq 50$	46.35	53.65
Age $> 50 \le 60$	45.85	54.15
Age $> 60 \le 70$	48.31	51.69
Age > 70	52.78	47.22
City	35.37	64.63
Little city	51.19	48.81
Densely populated area	38.78	61.22
Scattered area	37.55	62.45
Self conception of the relation to the organiza-	-	
tion: customer	30.50	69.50
Self conception of the relation to the organiza-	-	
tion:		
Member of a larger community	45.84	54.16

How can this "anomaly" be explained? As shown in Appendix 1 (Table 2), the probability of conceiving oneself as a customer of the organisation increases with the level of income. In other words, people with high socio-economic status in terms of both income and education (education and income display a high correlation

coefficient) are more likely to behave as customers than individuals with low socio-economic status. Two main reasons may be put forward in order to explain this fact. First, individuals with high socio-economic status face a higher opportunity cost of participation than low socio-economic status individuals since the cost of their leisure time, measured by the money they would earn if they were working instead, is higher). They may consequently be willing to pay more (in monetary terms) for participating in a sport and to use the time allocated to participation to other purposes (work, other leisure or cultural activities). Second, individuals with high socio-economic status are usually involved in a more varied set of social arenas than low socio-economic status individuals where they can enjoy relational goods. In contrast, voluntary sport organisations seem to constitute one of the most important arenas for both social integration and social promotion for low socioeconomic status individuals. By participating in such organisations, low socio-economic status individuals obtain the opportunity of developing their social network and by taking responsibilities within the organisation acquire a social status in the local community. These two elements combined may explain why low socioeconomic status individuals participate more than individual with abundant economic and cultural resources.

#### Commercialisation, participation and relational goods

In order to test our hypothesis according to which, the higher the level of commercialisation of the voluntary organisation, the lower the availability of relational goods within the organisation and the lower the likelihood that the individual will participate in the democratic decision-making process, we need to show that:

- (i) the level of participation decreases with the marketization of the relation between the organisation and its members and,
- (ii) that the availability of relational goods decreases with the marketization of the relation between the organisation and its members.

The results of the analysis of the effect of the commercialisation of voluntary sport organisations on the level of participation at the annual general assembly are presented in Appendix 2. The empirical results show that the share of income from sales does not contribute to reduce the level of participation when controlling for the size of the organisation. In other words it is rather the size more so than the level of income from commercial activities that reduces the level of participation. However, the attitude of the members, their self-conception of the type of transaction they are involved in with the organisation, appears as a powerful predictor of the level of participation. Members conceiving themselves as customers of the organisation participate to a lesser extent than those conceiving themselves as members of a larger community. The organisations that have the highest share of members considering themselves as customers are more likely to display a lower rate of participation.

According to our theoretical discussion of the determinants of active participation in democratic processes we can expect that participation will increase with the availability of relational goods. At the same time, increased commercialisation should contribute to reduce the availability of relational goods, and then the level of participation.

The results of the estimation of the relation between on the one hand the marketization of the relation of the members with the organisation and on the other hand the availability of relational goods are presented in Appendix 3. They show that market relations between the organisation and its members tend to reduce the availability of relational goods whereas the development of market relations aiming at generating additional income have a positive impact on the availability of relational goods. This has to be seen in relation with the fact that voluntary work is used a production factor for the generation of commercial income. By being involved as volunteers for the generation of commercial income members contribute, by the same token, to increase the availability of relational goods.

In sum, our hypothesis is supported by the findings. The higher the level of commercialisation, the lower the availability of relational goods within the organisation and the lower the likelihood that the individual will participate in the democratic decision-making process.

This finding supports the idea that modernization and particularly increased individualisation influence the individual's attitudes towards voluntary organisations. Indeed one possible explanation is that individualisation tends to foster a shift from the role of the voluntary sector from being an arena for participation to being a producer of consumption goods. Due to the individualisation process, two factors lie in the direction of a substitution of participation within voluntary organisation by a consumer behaviour. First, individuals face an increasingly diversified set of choices and experience an increasing press on their time and the way they allocate it among different activities. As the scarcity of time increases individuals tend to choose activities which are less time consuming. Since consumption is less time and resource consuming than participation, customer behaviour and marketized relation are preferred to participation and voluntary involvement. But price, income and time are not the only determinants of the choice between participation and consumption. Participation and consumption play different roles in cultural identification. Modern and reflexive individuals may be considered as self-producers of their way of life and identity. They combine roles and signs in order to produce their self-defined identity. But participation and consumption as identity vehicles work differently. Whereas participation leads to identification with embedded communities, consumption leads to identification with virtual communities.

Consumption has an increasing role in cultural identification and the structuring of society. The resulting structures, the new communities are temporary in character and are based on merely imaginary aspects conveyed by the mass media. Similar tastes or consumption patterns do not involve actual interaction between consumers – in contrast with participation which presupposes actual social interactions. Given the pressures characterising the use

of time in modern society and the power of the mass media as producers of patterns and images, consumption (and virtual identification) tends to be increasingly chosen instead of participation (and embedded identification).

To sum up, two dimensions of individualisation are determinant for understanding why individuals' preferences may shift leading them to increasingly consume services instead of being involved in voluntary organisations' activities. The first dimension is the *expansion of the individual's range of choice* through the market. Individuals facing their time constraint may choose the less time-consuming solutions. The second is the *pluralization of the individual's social roles and identities*. Social roles and identities are to a lesser extent socially ascribed and to a greater extent subject to individual choice. At the same time commodities are increasingly becoming a vehicle for identity expression.

#### Conclusion

Participation in the general assembly of voluntary sport organisations in Norway does not increase with members' resources in time, money and skills. On the contrary, it that the individuals who have a higher level of resources are those who are more likely to behave as customers. Members who consider themselves customers participate less than those who consider themselves as belonging to a larger community. The commercialisation of the relationship between the members and the organisation has a negative effect on the level of participation. However, the share of members considering themselves as customers of the organisation are correlated with the size of the organisation: the larger the organisation, the lower the level of participation. The availability of relational goods within the organisation contributes to increasing the level of participation. At the same time organisations which in terms of their relation with members are the most commercialised, are also those where the availability of relational goods is lowest.

The results of the empirical analysis support our second hypothesis according to which the higher the development of market relations between the organisation and its members, (i) the lower the availability of relational goods, and (ii) the lower the level of participation in the general assembly.

Norwegian voluntary sport organisations constitute an original form of economy that can be labeled "community-based economy" mixing monetary and non-monetary resources as well as market and reciprocal transactions. They are economically independent relying mostly on resources coming from members' fees and commercial activities and to only a small extent on public funding. Their high share of commercial income does not mean that they have lost their voluntary foundations and have been transformed into commercial entities. On the contrary, their originality consists in using voluntary work as input for generating commercial resources that in turn are used for the production of a collective good. To this extent they are dependent on active participation by their members and on voluntary work. This type of commercialisation- the generation of commercial resources through the use of voluntary work - does not seem to endanger the voluntary orientation of these organisations. However, they are exposed to another kind of commercialisation that takes the form of a transformation of their relationship with their members who become customers. This type of commercialisation may gradually lead to the replacement of the "community-based economy" characterising the voluntary sport sector by a market economy. Since the empirical analysis of the relationship between commercialisation and internal democracy has shown: (i) that members that consider themselves as customers of the organisation participate less than those considering to belong to a larger community, (ii) that the availability of relational goods within the organisation contributes to increasing the level of participation, and (iii) that the organisations that are the most commercialised in terms of relation with their members are also those where the availability of relational good is the lowest, one can conclude that this type of commercialisation simultaneously contributes to weakening the internal democratic functioning and reducing the integrative capability of the organisation.

Indeed, because they are associations of persons, voluntary organisations constitute a locus for social integration. The integrative function of the voluntary organisation possesses the peculiarity of combining the communal and the societal forms of integration. Integration occurs both as the result of the adhesion to common norms and values and as the result of rational choices made by

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individuals having a common interest. This idea is present in the Hegelian conception of civil society (Lorentzen, 1999), where integration simultaneously reflects the adhesion to common norms and participation in a social practice. The conceptualisation of the integrative function of the voluntary organisation necessitates going beyond the dichotomy community/society, mechanic solidarity/organic solidarity. There is no association without a community of values and norms but the adhesion to this community is voluntary, chosen.

As we have seen, internal democracy within the voluntary organisation presupposes integration, the embeddedness of its members within a network of social relations, the availability of relational goods. But conversely, integration of the members (within the organisation) is realised by the role played through the active participation of the members in the organisation's life, and by participation in the democratic life of the organisation. Democratic participation appears as the achievement of associative integration. The adhesion freely consented to the norms and values of the community constituted by the voluntary organisation is realised only by democratic participation. The association becomes part of civil society, differentiates itself from the family, the market and the state, but only when it functions democratically, i.e. when it constitutes a space where norms and values are discussed, where adhesion is not given a priori but is constructed by interaction.

The weakening of internal democratic functioning also means the weakening of the integrative function of the association. Democratic weakening and integrative weakening may be analysed as the result of a modernisation process. This modernisation process has two origins: one external to the organisation, the other internal. From the external point of view, the voluntary organisation knows the effects of a tendency towards increased individualisation which is concretely manifested in the fact that individuals have less time to devote to the life of the city. Subject to the pressures of modern life individuals have not always the time for participating in voluntary organisations and prefer market mechanisms which

are less time consuming. From the internal point of view, the process of modernisation of the voluntary organisation finds its origin in the difficulty of maintaining a space for democratic decision-making when active involvement tends to decrease.

### Appendix 1

## Statistical analysis of the relation between commercial income and voluntary work

The empirical formulation is given by:

(1) 
$$\ln TV = \gamma_1 K + \gamma_2 T + \gamma_3 IF + \gamma_4 LC + \gamma_5 TC + \gamma_6 \ln S + \gamma_7 \ln PG + \gamma_8 \ln SI + \gamma_9 \ln A + \gamma_{10} \ln MF + \mu$$

where TV = weekly hours worked voluntary within the organisation, K = level of competition orientation of the club, T = team index, T = index facilities, T = dummy for large city, T = type of club (0 if single sport club, 1 if multi sport club), T = com-

The variable has a scale between 1 and 7 measuring (as self-assessed by the club) how competition (versus mass participation) oriented is the club.

Index measuring the proportion of team sport activities within a club. The index scores 0 if no team sport activity (only individual sport) and 1 if only team sport activity. The scores in between gives the proportion of the club activity (i.e. the proportion of groups within the club) which is dedicated to team sport.

<sup>&</sup>lt;sup>11</sup> This variable measures the degree of ownership of sport facility given the type of facility used by the club i.e. the ratio facilities possessed by the club/ facilities used by the club. This index is scoring 0 if the club does not possess any facilities and 1 if the club possesses all the used facilities.

mercial income, PG = Public grant, SI= sport federations subsidies, A = non commercial ancillary activities, MF= members fees.

The variables used for this analysis are related to: (i) the different types of resources of the voluntary sport organisation (S, PG, SI, A, MF), (ii) structural characteristics of the organisation influencing the need for voluntary work (K, T, IF), and (iii) the localisation of the organisation (LC).

In order to account for the possible endogenity<sup>12</sup> of commercialisation we will also estimate a two equation system using a two-stage least square regression. The empirical specification is then given by:

(2) 
$$\ln TV = \beta_1 \ln S + \beta_2 \ln PG + \beta_3 \ln SI + \beta_4 \ln A + \beta_5 \ln MF + \mu$$

(3) 
$$\ln S = \gamma_1 K + \gamma_2 T + \gamma_3 IF + \gamma_4 LC + \gamma_5 TC + \varepsilon$$

The results of the estimation of equation (1) are presented in Table 1. In this formulation the variables on the right-hand are assumed to be exogenous. The coefficients indicate that commercial income crowds out voluntary labour when estimated at the organisational level, and that other sources of income crowd in voluntary work. Members' fees display a negative coefficient but this is not statistically significant.

However, the test on the impact of commercial income on donations using equation (1) and ordinary least-squares may be biased since at the organisational level decisions concerning the shares of the different resources may be made simultaneously by the man-

Since both the level of commercial resources and the amount of voluntary work may be simultaneously determined (the level of commercial output and the level of public support are dependent on each other), the variables are labeled jointly dependent or endogenous variables (i.e. dependent variables). The completeness of the system requires that the number of equations equal the number of endogenous variables.

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Table 2. Coefficients (and asymptotic t-ratios) in the relation of weekly voluntary worked hours (expressed in logarithms) to explanatory variables with commercial income (def. 2) as endogenous variables (Equation 1 of the two stages least square)

Independent variables	Coefficients	Asymptotic t-
		ratios
Commercial income (def. 2)	0.564***	0.100
Public grant	0.321***	0.028
Sport federation subsidies	0.111***	0.009
Members fees	-0.593***	0.056
Non commercial ancillary activities	0.081	0.072

<sup>\*\*\*</sup> Effect of the variable is significant at the 1 percent level

R square	0.963

<sup>\*</sup> Effect of the variable is significant at the 10 percent level. \*\*Effect of the variable is significant at the 5 percent level. \*\*\* Effect of the variable is significant at the 1 percent level

ager or the board of directors. To correct for this endogeneity bias equations (2) and (3) where estimated using a two-stage least-square. Table 2 shows the results from this estimation.

First, when estimating the amount of commercial income as an instrumental variable, the coefficients do not suggest any crowding out effect of commercialisation on voluntary work. The explanation of the sign of the coefficient on commercial income, that is consistent with our model, is that voluntary work is used as input for generating commercial income. That is the case when, for example, volunteers arrange a competition or work at the club's cafeteria.

If this is the case, one should find a positive association between commercial income and given characteristics of the organisation's activity on the one hand, and between (voluntary) labour intensive activities and amount of voluntary work on the other. One way to assess this association consists in testing the following hypothesis:

 H1: The ownership of a facility (i) makes the generation of commercial incomes from facilities renting and ancillary activi-

- ties easier, and (ii) is labour intensive i.e. requires a higher amount of (voluntary or paid) labour.
- H2: Team sports are: (i) more likely to attract sponsors at the local level and to generate commercial income than individual sports, and (ii) require a higher amount of (voluntary or paid) labour in order to develop and manage sponsors relations.
- H3: The more competitive-oriented the organisation, (i) the more likely that incomes are generated from organised competition, sponsors, media and ancillary activities, and (ii) the greater the volume of (voluntary or paid) labour necessary in order to manage these activities.

Table 3 shows the results of the estimation of the relation of (i) commercial income, and (ii) voluntary work, to three variables characterising the activity of the voluntary sport organisation. All the coefficients are positively associated with both the amount of commercial income and the number of voluntary worked hours. Voluntary work seems to constitute a significant input for the generation of commercial income.

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Table 3. Coefficients (and standard errors) in the relation of (1) commercialisation and (2) voluntary work to explanatory variables

Independent variables			Ln(Weekly volunta-	
	cial income)	errors	ry worked hours)	errors
Constant	9.804***	0.143	3.069***	0.143
Most important goal (participation/competition)	0.447***	0.028	0.043	0.032
Team index	1.235***	0.189	1.687***	0.184
Index facilities	0.588***	0.115	1.253***	0.125
R square	0.190	)	0.192	

<sup>\*</sup> Effect of the variable is significant at the 10 percent level. \*\*Effect of the variable is significant at the 5 percent level. \*\*\*Effect of the variable is significant at the 1 percent level

Second, members' fees appear to crowd out voluntary work. The coefficient for members' fees suggests that members will respond to an increase in fees by decreasing their supply of voluntary work. This indicates that members face a trade-off between monetary contribution and in-kind contribution.

The empirical test at the organisational level of the crowding out effect of commercialisation on voluntary work supports the hypothesis that voluntary work constitutes an input for the generation of commercial income. Voluntary work and commercial income are not substitutes, but are complementary to each other.

### Appendix 2

## Statistical analysis of the relation between customer relation and participation to the general assembly

In this appendix the impact of commercialisation on the level of participation is firstly assessed at the individual level. Secondly, a two-level analysis both at the individual and organisational levels is conducted.

#### Individual level

At the individual level, we are first interested in testing our first hypothesis according to which the higher the resources of the individual in terms of money, time and skills, the higher the likelihood that s/he participates in the democratic decision-making process. At the same time it is interesting, when controlling for other socioeconomic characteristics, to see whether the commercialisation of the relation between the organisation and its members, accepting the fact that the members consider themselves as customers of the organisation, has an impact on the likelihood of participating.

The dependent variable used in the analysis is a simple measure of participation to the democratic decision-making process coded (1) if the individual has participated at the annual general assembly, and (0) otherwise.

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The independent variables at the individual levels have been chosen as indicator of the individual's resources in terms of money, time and skills. The independent variables are the following:

- age = years in 1998,
- highest level of education completed (three dummy variables):
   high school, college, university, the reference category being 9 years education.
- Marital status: married = 1, 0 otherwise.
- Professionally active (0/1)
- Woman = 1 if the individual is a woman, 0 otherwise.
- Area type 1 = 1 if large city or suburb of a large city, 0 otherwise. The reference category is dispersed rural area.
- Area type 2 = 1 if a little city, 0 otherwise
- Area type 3 = 1 if a densely populated area, 0 otherwise.

Market relation: the respondents were asked to consider the essential purpose they attribute when paying members fees to the organisation. Three possible responses were available: contributing to the community, buying a service, acquiring the right to participate

Table 1. Coefficients (and standard errors) in the relation of participating to the general assembly to socioeconomic indicators. Logistic regression.

	Odds Ratio	Std. Err.	z	P>  z
Age	1.021237	0.0063824	3.363	0.001
Market	0.4937278	0.0737256	-4.726	0.000
Univ.	0.4310901	0.0992298	-3.656	0.000
Coll.	0.5624993	0.0944059	-3.428	0.001
High s.	0.4467021	0.0937072	-3.842	0.000
Prof. acti.	1.219281	0.2012961	1.201	0.230
Woman	0.7452334	0.1085666	-2.018	0.044
Married	0.6234318	0.1036881	-2.841	0.004
City	1.212705	0.2819024	0.830	0.407
1. city	2.252306	0.4961008	3.686	0.000
D.pop.a	1.125953	0.2135604	0.625	0.532

in a sport activity. The variable "market relation" is coded 0 when the respondent states "contributing to the community"; and 1 otherwise. When coded 1 we consider that the respondent conceives himself as a customer of the organisation whereas when coded 0 we consider that the respondent conceives himself as a member of a larger community.

The likelihood of participating in the general assembly is positively and significantly related to age and small city, and negatively associated with market relation, university, college, high school and if married. The hypothesis that participation in the general assembly increases with resources in time, money and skills does not seem to be supported. The likelihood of participating is negatively associated with higher level of education (that are positively correlated with income). These results seem to support the idea that the individuals who have a higher level of resources (in terms of education and income) are less likely to actively participate to the general assembly, and to conceive themselves as customers and not as members of the voluntary organisation.

This conclusion is supported by the results of the logistic regression of the variable "market relation" on family income, age and number of children under 18 years old (Table 2).

The likelihood of conceiving oneself as a customer of the organisation increases with the level of family income and decreases with the age of the individual, and with having children under 18 years old. The likelihood of behaving as a customer therefore increases correspondingly with resources in skills and money since

Table 2. Coefficients (and standard errors) in the relation of conceiving oneself as a customer to socioeconomic indicators. Logistic regression

	Odds Ratio	Std. Err.	Z	P>  z
Ln.f.inc	1.506323	0.2003219	3.081	0.002
Age	0.9768663	0.0063251	-3.615	0.000
Children	0.8066231	0.0629387	-2.754	0.006

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income is correlated with education, and increasing with resources in time since the resources in time decreases with number of children in the family.

Two-levels analysis: individual and organisation levels

The discussion of the benefits of participation, linking the benefits of participation to the availability of relational goods, leads us to expect that the higher the level of commercialisation of the voluntary organisation, the lower the availability of relational goods within the organisation, and consequently the lower the likelihood that the individual participates in the democratic decision-making process.

At the *organisational level*, the level of commercialisation of the voluntary organisation is measured by two indicators: (i) the commercial income expressed in monetary terms and (ii) the share of members that consider themselves as customers of the organisation.

In order to test our hypothesis we have to deal with a methodological problem, that of *multilevel*. The model can be viewed as a hierarchical system of regression equations. The dependent variable at the individual level is explained by independent variables at the individual level and the organisational level.<sup>13</sup>

$$y_{ij} = \beta_{0j} + \sum_{q=1}^{Q} \beta_{qj} X_{qij} + r_{ij}$$

where  $oldsymbol{eta}_{qi}(q=0,\!1,\!...,\!Q)$  are level-1 coefficients;

 $X_{qij}$  is the level-1 predictor q for case i in unit j;  $r_n$  is the level-1 random effect.

Each of the level-1 coefficients,  $\beta_{qj}$ , defined in the level-1 model becomes an outcome variable in the level-2 model:

Formally (Raudenbush *et alii*, 2000), there are  $i=1,...,n_j$  level-1 units (members) nested within j=1,...J level-2 units (voluntary organisations). In the level-1 model the outcome for case i within unit j is given by :

Because the response variables in the analyses are dichotomies (participating or not), multilevel logistic models are estimated. The analysis is carried out in several stages. The model strategy followed for individual i in organisation j is expressed in equations 1 to 3.

(1) 
$$\ln(p_{ij}/1 - p_{ij}) = \beta_{0j} + u_{0j}$$

(2) 
$$\ln(p_{ij}/1 - p_{ij}) = \beta_{0j} + \sum_{q=1}^{Q} \beta_{qj} X_{qij} + u_{0j}$$

(3) 
$$\ln(p_{ij}/1-p_{ij}) = \beta_{0j} + \sum_{q=1}^{Q} \beta_{qj} X_{qij} + \alpha_1 W_{1j} + u_{0j}$$

where

 $ln(p_{ii}/1-p_{ii})$  = response: log odds of participating

 $\beta_{0i}$  = the intercept

 $u_{0j}$  = the level 2 variation: organisation

 $X_{qij}$  = the level 1 individual variables

 $\beta_{ai}$  = the level 1 individual effects

 $W_{1i}$  = the level 2 organisation variable(s)

 $\alpha_1$  = the level 2 organisation effect(s)

$$\beta_{qj} = \gamma_{q0} + \sum_{s=1}^{S_q} \gamma_{qs} W_{sj} + u_{qj}$$

where

 $\gamma_{{\it qs}} (q=0,\!1,\!...,\!S_{\it q})$  are level-2 coefficients;

 $W_{si}$  is the level-2 predictor;

 $u_{qi}$  is the level-2 random effect.

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Table 3: Two-level logistic model: intercept-only model estimation.

Participation in the general assembly		
Fixed		
Constant	-0.187	(0.131)
Random		
Level 2 $\sigma_u^2$ (intercept)	0.606***	(0.779)

Significant at the 1 percent level for all the variables.

All equations represent random intercept models where the random term (in parentheses) is set to vary around the fixed intercept  $\beta_0$ . The multilevel structure of the model is distinguished by taking into account the variation in participation in the general assembly at the organisation level  $(u_{0j})$ . The first model (equation

Table 4. Two-level logistic model: level 1 variables-only model estimation.

Participation in the general assembly		
Fixed		
Constant	-1.093***	(0.320)
Age	0.03***	(0.005)
University	-0.687**	(0.222)
College	-0.499**	(0.170)
High School	-0.531*	(0.195)
Prof.active	0.380	(0.152)
Woman	-0.427**	(0.137)
Married	-0.549***	(0.157)
Big city	0.210	(0.244)
Little city	0.708**	(0.231)
Densely populated area	0.255	(0.187)
Market relation	-0.497***	(0.150)
Random		
Level 2 $\sigma_u^2$ (intercept)	0.378***	(0.614)

Significant at the 1 percent level for all the variables

Table 5. Two-level logistic model: level 1 and level 2 variables model estimation.

Participation in the					
general assembly	Model 1	Model 2	Model 3	Model 4	Model 5
Fixed					
Level 1 -Individual					
Age	0.032***	0.03***	0.03***	0.028***	0.034***
	(0.005)	(0.005)	(0.005)	(0.007)	(0.006)
University	-0.655*	-0.686**	-0.729**	-0.792*	-0.616*
	(0.234)	(0.223)	(0.235)	(0.284)	(0.252)
College	-0.457*	-0.499**	-0.528**	-0.653**	-0.448*
	(0.173)	(0.170)	(0.178)	(0.214)	(0.184)
High School	-0.494	-0.532*	-0.560*	-0.563	-0.607**
	(0.200)	(0.195)	(0.204)	(0.271)	(0.217)
Prof.active	0.379	0.380	0.386	0.351	0.450**
	(0.157)	(0.152)	(0.158)	(0.223)	(0.169)
Woman	-0.443**	-0.427**	-0.444**	-0.350	-0.348
	(0.142)	(0.137)	(0.144)	(0.194)	(0.151)
Married	-0.580***	-0.548***	-0.580***	-0.578*	-0.560**
	(0.163)	(0.158)	(0.163)	(0.208)	(0.176)
Big city	0.386	0.208	0.226	0.283	0.316
	(0.244)	(0.246)	(0.258)	(0.327)	(0.274)
Little city	0.707**	0.706**	0.745**	0.354	0.806***
	(0.223)	(0.231)	(0.237)	(0.296)	(0.239)
Densely populated area	0.292	0.255	0.273	0.271	0.351
	(0.187)	(0.188)	(0.195)	(0.241)	(0.198)
Market relation	-0.430***	-0.495**	-0.522***	-0.227	
	(0.154)	(0.158)	(0.158)	(0.203)	
Level 2-organization					
Constant	-1.168***	-1.087**	-1.160***	-0.670	-1.680***
	(0.316)	(0.337)	(0.339)	(0.495)	(0.335)
Size	-0.0009***				
	(0.0001)				
Average market relation		-0.011			
		(0.493)			
Level of member fees			-0.00005		
			(0.00009)		
Ln (Commercial income				-0.196*	
def.2)				(0.073)	
Absolute number of					-0001***
"customer" (market relati-					(0.0002)
on)					(/
Random					
	0.146	0.387***	0.378***	0.419***	0.180
Level 2 $\sigma_u^2$ (intercept)	(0.382)	(0.622)	(0.615)	(0.647)	(0.424)

Significant at the 1 percent level for all the variables

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1) is referred to as the intercept only model since it includes no predictor. This basic model is useful since it allows us to know whether there are variations between organisations concerning the level of participation before including any explanatory variables. That is the case if the random term  $(u_{0j})$  estimated as variance  $(\sigma_u^2)$  is different from zero.

The log odds of participating is -0.187. In other words, 45.3 percent of the members participate in the general assembly. There is however a clear significant variation at the organisation level around this average estimate as shown by the random effect  $\sigma_u^2$ .

In equation 2 (Table 4) the individual level variables are included.

In this model, fixed individual-level characteristics have been included. The level 1 effects are in agreement with the analysis conducted in the previous section. The propensity of participation increases with age and with living in a small city, and decreases with the level of education, being married and with behaving in relation to the organisation as a client. Introducing individual-level characteristics reduces the random variance (variation due to organisational characteristics) from 0.606 to 0.378.

In equation 3, level-2 (organisation) variables are added (Table 5). The variables are continuous and centred around their means. The effect of these variables is estimated separately (Model 1 to 4). Estimating them simultaneously led to no significant effect.

Table 6. Coefficients (and standard errors) in the relation of the absolute number of members conceiving themselves as customers to organizational indicators.

	Coef.	Std. Err.	t	P>  t
Size	0.5925209	0.0901415	6.573	0.000
Indextea	-61.69693	20.98106	-2.941	0.004
Age.org.	-1.88943	0.5484207	-3.445	0.001
Cons	25.35725	12.12171	2.092	0.039

Controlling for the size of the organisation (number of members) reduces the random variance significantly from 0.378 to 0.146. Size differences in the organisations explain most of the random variance Participation declines with the size of the organisation but the magnitude of the effect is weak, and size does not have any impact on the effect of the variable market relation which is still significant and negative. Adding the level of commercial income of the organisation in the model contributes to increasing the random variance. If one simultaneously controls for size and commercial income, the random variance is reduced to 0.299. Estimating the model with the variable absolute number of customers i.e. number of members in each organisation considering themselves as customers of the organisation (Model 5), produces a negative and significant effect.

At the organisational level, the absolute number of members in each organisation considering themselves as customers (Table 6) increases with the size of the organisation and decreases with the number of team sports practised within the organisation and with the age of the organisation.

## Relational goods and participation

According to our theoretical discussion of the determinants of active participation in democratic processes we can expect that participation will increase with the availability of relational goods. At the same time, increased commercialisation should contribute to reduce the availability of relational goods and then the level of participation.

The availability of relational goods has been approximated by assessing for each individual the level of sociability characterising the organisation of the respondent. Five affirmations proposed to the respondent were used in order to construct an index of availability of relational goods. The affirmations, for which the respondent could indicate whether he agreed or disagreed with along a scale ranging from one (completely disagree) to nine (completely agree), are the following:

- I am together with the members of my club even when there is no activity in the club
- Some of my best friends are members of my club
- For me, my club is one of the most important social groups I belong to
- The members of my club like to spend more time together outside the club
- If a member of the club has a problem, everybody will help in order to solve it

Table 1. Coefficients (and standard errors) in the relation of participation to socioeconomic indicators and the availability of relational goods. Logistic regression.

	Odds Ratio	Std. Err.	Z	P>  z
D.pop.	1.557496	0.3236826	2.132	0.033
l.city	1.959779	0.4570272	2.885	0.004
City	1.300465	0.3317678	1.030	0.303
Married	0.5950993	0.1121626	-2.754	0.006
Woman	0.8019606	0.1324522	-1.336	0.181
Prof.ac.	1.688696	0.3121042	2.835	0.005
H.sch.	0.5291757	0.1174216	-2.868	0.004
Coll.	0.5333332	0.0999	-3.356	0.001
Univ.	0.431116	0.1118445	-3.243	0.001
Age	1.055573	0.0072213	7.906	0.000
Rel.good	1.387389	0.0668458	6.796	0.000

A measure of the availability of relational goods within an organisation has been constructed at the organisational level using information at the individual level by aggregating (using the mean score

Table 2. Coefficients (and standard errors) in the relation of conceiving oneself as a customer to socioeconomic indicators and the availability of relational goods. Logistic regression.

	Odds Ratio	Std. Err.	Z	P>  z
D.pop.	0.6836702	0.1383022	-1.880	0.060
l.city	0.9514936	0.2141193	-0.221	0.825
City	1.563043	0.3726104	1.874	0.061
Married	0.6547349	0.1205026	-2.301	0.021
Woman	0.8489048	0.13709	-1.014	0.310
Prof.ac.	0.9260719	0.1632164	-0.436	0.663
H.sch.	1.443384	0.3110113	1.703	0.089
Coll.	1.51344	0.2799664	2.240	0.025
Univ.	1.48951	0.3761445	1.578	0.115
Age	0.9881356	0.0063355	-1.862	0.063
Rel.good	0.7383994	0.0343874	-6.512	0.000

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Table 3: Two-level logistic model: level 1 and level 2 variables mode estimation of the effect of availability of relational good as organizatio nal characteristic on participation.

Participation in the				
general assembly	Model 1		Model 2	
Fixed				
Level 1 -Individual				
Age	0.034**	(0.011)	0.035***	(0.005)
University	-0.682*	(0.256)	-0.639*	(0.246)
College	-0.537*	(0.221)	-0.498*	(0.179)
High School	-0.750**	(0.273)	-0.717***	(0.216)
Prof.active	0.493*	(0.198)	0.481**	(0.164)
Woman	-0.415*	(0.194)	-0.428**	(0.147)
Married	-0.578	(0.439)	-0.599***	(0.171)
Big city	0.138	(0.246)	0.280	(0.265)
Little city	0.749**	(0.183)	0.731**	(0.229)
Densely populated area	0.329	(0.145)	0.343	(0.192)
Level 2-organization				
Constant	-2.237***	(0.447)	-1.588***	(0.324)
Availability of relatio-				
nal goods	0.124*	(0.056)	0.064	(0.059)
Size			-0.0008***	(0.0001)
Random				
Level 2 $\sigma_u^2$ (intercept)	0.326***	(0.571)	0.126	(0.355)

Significant at the 1 percent level for all the variables

of the members of an organisation) and weighting the individual indexes by organisation.

The impact of the availability of relational goods may be interpreted at the individual level as an element of the individual's decision to participate, and at the organisational level as a characteristic of the organisation. In the latter case, it is the contextual effect of the availability of relational good that is captured whereas in the former case we assess the motivational effect of the availability of relational good.

Table 4: Two-level logistic model: level 1 and level 2 variables model estimation of the effect of the availability of relational goods as organizational characteristic on the likelihood of conceiving oneself as a customer.

Participation in the				-
general assembly	Model 1		Model 2	
Fixed				-
Level 1 -Individual				
Age	-0.032***	(0.006)	-0.029***	(0.005)
University	0.165	(0.261)	0.128	(0.247)
College	0.218	(0.199)	0.195	(0.189)
High School	0.293	(0.219)	0.269	(0.208)
Prof.active	-0.263	(0.174)	-0.238	(0.165)
Woman	-0.303	(0.163)	-0.268	(0.152)
Married	-0.187	(0.183)	-0.184	(0.172)
Big city	0.224	(0.288)	0.147	(0.270)
Little city	-0.047	(0.271)	-0.00002	(0.256)
Densely populated area	-0.445	(0.221)	-0.428	(0.207)
Level 2-organization				
Constant	0.780***	(0.354)	0.600	(0.336)
Availability of relatio-	-0.206*	(0.086)	-0.169*	(0.082)
nal goods				
Size			-0.0007*	(0.0002)
Random				
Level 2 $\sigma_u^2$ (intercept)	0.712***	(0.844)	0.574***	(0.757)

Significant at the 1 percent level for all the variables

Tables 1 and 2 present the results of a logistic regression of the effect of the self-perceived availability of relational good on (i) individual participation, and (ii) the likelihood of conceiving oneself as a customer of the organisation. Participation increases with the availability of relational goods and the likelihood of conceiving oneself as a customer decreases with the availability of relational goods. In other words, *sociability has a positive effect on individual* 

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Table 5: Coefficients (and standard errors) in the relation of the availability of relational goods to commercialization

Constant	142	(.077)
Average market relation	137*	(.061)
Income (def.2)	.177 ***	(.039)

<sup>\*</sup>Effect of the variable is significant at the 10 percent level. \*\*Effect of the variable is significant at the 5 percent level. \*\*\*Effect of the variable is significant at the 1 percent level

involvement whereas the absence of sociability is associated with market relations.

When considered as a contextual variable, the availability of relational goods has a positive impact on the level of participation (Table 3, Model 1). Introducing the size of the organisation into the regression at the organisational level leads to a statistically non-significant effect on the availability of relational goods on participation. Conversely, the availability of relational goods reduces the likelihood of conceiving oneself as a customer of the organisation (Table 4).

Does commercialisation reduce the availability of relational goods? In order to test this relationship at the organisational level the dependent and independent variables have been divided by the size of the organisation (number of member) and expressed in logarithmic form. Table 5 shows the result of the regression. The availability of relational goods decreases with the share of members conceiving themselves as customers of the organisation and increases with the share of the organisation's income coming from sales (restrictive definition).

In other words the development of market relations between the organisation and its members tends to reduce the availability of relational goods whereas the development of market relations aiming at generating additional income has a positive impact on the availabil-

ity of relational goods. This has to be seen in relation with the fact that voluntary work is used as a production factor for the generation of commercial income. By being involved as volunteers for the generation of commercial income members contribute, by the same token, to increasing the availability of relational goods.

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Tittel/Title

Community-based economy, market and democracy

Sammendrag

I rapporten klargjøres først hva en skal legge i termen kommersialisering innenfor norske idrettslag. Deretter undersøkes empirisk hvor utbredt kommersialisering er innenfor lagene. Hvilke virkninger har kommersialisering på idrettslags evne til å integrere medlemmer og deltakere? I fokus for rapporten står forholdet mellom det kommersielle elementet i lagene og de utbredte demokratiidealene. Fører kommersialisering til at demokratiet svekkes?

Norske idrettslag bygger fra gammelt av på det som her er kalt en dugnadsøkonomi. Den kjennetegnes av at pengeressurser er blandet med ubetalt arbeidsinnsats, og markedstransaksjoner – dvs. kjøp og salg – er innvevd i gjensidig –transaksjoner mellom frivillige deltakere.

To typer kommersialisering kjennetegner idrettslagene. Den første typen består i å skape ressurser til lagene gjennom bruk av frivillig arbeidsinnsats. Denne formen for kommersialisering ser ikke ut til å true den frivillige innsatsen i idretten. Men idrettslagene er også gjenstand for en annen type kommersialisering, der medlemmer ser seg selv som kunder. I dag er det rundt en tredjedel av lagenes medlemmer som oppfatter seg selv på denne måten. Denne typen kunde-identitet kan tenkes å undergrave dugnadsøkonomien. Kundeidentitet kan føre til at deltakere vil kjøpe tjenester framfor å produsere dem selv, og dette kan på sikt undergrave den sterke følelsen av kollektiv ånd som i dag preger flertallet av norske idrettslag.

Emneord

marked, demokrati, frivillige organisasjoner, idrettslag, kommersialisering, deltakelse

Summary

This report addresses one possible consequence of the commercialisation of sport, both theoretically and empirically, that of its impact on the "social function" of voluntary sport organisations or voluntary local clubs.

It addresses particularly the question of determining the effect of the commercialisation of Norwegian voluntary sport organisations on their internal democratic functioning.

The contention of this report is that the development of commercial activities by Norwegian voluntary sport organisations does not endanger their internal democratic functioning as long as they contribute to the formation of a community-based economy where active members work voluntarily in order to generate commercial resources that are used to produce the collective and mission-related output. However, this original community-based economy may be threatened by the development of market relations between the members and the organisations.

Index terms

market, democracy, voluntary organisations, commercialisation, participation