



THIRD
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Barriers and challenges of developing the third sector across Europe: lessons from the Third Sector Impact EU research project

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Structure of presentation

▢ Third sector impact- about the project

▢ Barriers

- Legal framework
- Subsector infrastructure
- Finances
- Public attitudes
- Inter-organizational linkages
- Human resources
- Governance and organisational structure

▢ How to overcome barriers

- Knowhow for people
- Knowhow for money
- Knowhow for impact



Third sector impact- About the project

- Funded by EU's 7th Framework Program,
- Universities and research institutes from 11 countries
- **Aim:** to understand the scope and scale of the third sector in Europe, its current and potential impact, and the barriers hindering the third sector to fully contribute to the continent's welfare.



■ WP5: Barriers

- *To identify barriers that might be impeding their ability to contribute to European socio-economic development, and suggest ways these barriers might be overcome*

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Legal framework



- ▶ **Positively rated in more countries**
- ▶ **Challenges of bureaucratic accountability mechanisms –**
"more paperwork less activities"
- ▶ Specific national context: in Croatia rather unfavorable
- ▶ France initiatives towards social enterprises
- ▶ Spain: new regulations (Social third sector, volunteering, social clauses for public procurement)
- ▶ **Croatia:** new law on association-threat to emergence of social entrepreneurship, tax frame unfavorable for economic activity



Subsector infrastructure

- ▶ Salience of umbrella organizations depending on country and organizational field
- ▶ Provide TSOs with counseling, training, qualification
- ▶ Lobby / Interest representation
- ▶ Devolution of competences → territorialized supporting infrastructure (France)
- ▶ Increasing for-profit infrastructure (Germany)
- ▶ **Croatia:** sustainability issues, limited subsector development



▶ EU level

- ▶ Sector segment of the complex EU governance arrangement.
- ▶ **Participation and democratization**-improvement of EU-governance?



Finances

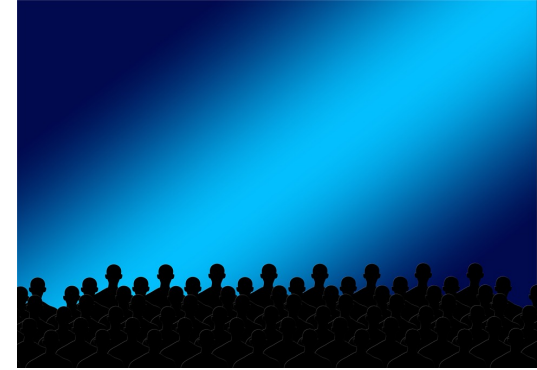
- ⚠ **Diversification of financial resources** and financial mix
- ⚠ **Cutbacks of public subsidies** /changing modes of financing compensated by business activities
- ⚠ Intensified **financial pressures** in countries affected by the crisis
- ⚠ **Project funding:** insecurity in planning, short planning intervals, lack of infrastructure-maintenance of liquidity?



- ⚠ **Croatia:** lack of financial support one of the biggest problems
- ⚠ **EU – Funding**
 - Complex, bureaucratic and risky. relevant for professional TSO's
 - **Croatia:** new EU member- funds opportunity for modernization



Public attitudes



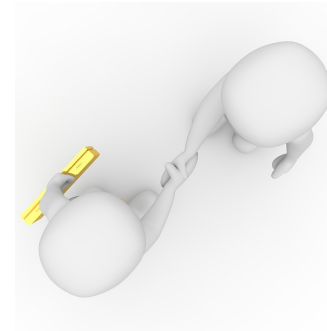
- ⚠ **Generally favourable** across courtiers
- ⚠ Organizations resilient in terms of public trust, but
- ⚠ **Questioning of professionalism and legitimacy:** measures to enhance accountability, transparency, public relations
- ⚠ Individual scandals: negative impact on whole sector
- ⚠ Business like strategies jeopardize positive image
- ⚠ **Croatia:** suspicions toward TSO's, lack of recognition
- ⚠ Importance of path dependency



Inter-organizational linkages



- Lobbying through informal networks
- **Relationship with public sector:** from partnership to supplier customer relationship (control / regulation)
- **Competition and cooperation of TSOs** (depending on tendering procedures, professional contexts)
- Alliance formation on associational level
- Decentralized countries: Shift of interest representation to regional/local level
- **Croatia:** lack of cooperation between organizations and networking capacities





Human resources



- ⚠ Different significance of volunteering (informal vs. formal in TSO's)
- ⚠ Form and **character of volunteering changing across Europe**
 - Project, based, episodic
 - New forms of volunteering: diverse fluid, broad spectrum of activity)
- ⚠ Volunteer recruitment / integration more complex
- ⚠ **Human Resource – Paid staff**
 - Precarious employment patterns / lower job quality
 - Unattractive in some areas (ageing of the work force)
 - **Croatia:** lack of specific skills, limited number of paid staff
- ⚠ **Human Resource – Executive**
 - Tasks more demanding
 - Business requirements
 - Smaller organizations-problems to appoint “skilled” executives



Governance and organisational structure

- ⚠ Increased requirements
- ⚠ Difficulties appointing board member
- ⚠ **Professionalization of boards**
- ⚠ Implementation of market compatible structures and managerial practices
- ⚠ **Higher performance measurements** lead to tensions between volunteer and paid staff → special management practices necessary
- ⚠ **Croatia:** measurement of impact -needs to be developed





How to overcome barriers- investing in skills



- △ **Knowhow for people**
- △ **Specific skills**-flexible adaptation
- △ **Lifelong learning**; demand for continues education
- △ More **requirement for businesses knowledge**
- △ Third **sector important economic actor** (social services, growth of social entrepreneurship and social economy)
- △ But also for **PR, innovative leadership, creativity**
- △ **Professionalization** as a trend, for part of organization, dualism of professional vs. local, mostly volunteer based, organizations
- △ Increasing popularity of **temporary involvement**
- △ Strengthen the human resources- **youth** unemployment as a chance to use of young people as “**new development fuel**”



How to overcome barriers- financial sustainability



- ▶ **Knowhow for money**
- ▶ Short term contracts reality
- ▶ **Changing modes of financing**—expanding business activities and financing mix
- ▶ Strengthen **social entrepreneurship approach**
- ▶ Allocating **scarce resources in efficient way**
- ▶ **Simplifying bureaucratic requirements** e.g. in the context of tendering procedures
- ▶ **Planning uncertainty** in connection with financial resources
- ▶ Limited but important **role of EU funds**-opportunity for post-socialistic countries





How to overcome barriers- new knowledge



- △ **Knowhow for impact**
- △ Highlighting **evidence based approach** to policies
- △ Implement **learning from best practice** as policy concept
- △ Opening space for **social innovations and policy experimentation**
- △ **Modernization of the social policy**- third sector as stakeholders
- △ Further development of **good governance** principles in Europe
- △ **Fostering hybrid organization**- adapt to complex problems, innovation
- △ **Need to measure impact**: demonstrating of contributions of the sector to funders and public; building organizational capacities
- △ Resources and time: find appropriate tools! No “right” approach
- △ Develop new forms of social impact measurement; **not everything can be measured in financial value**



Thank you for your attention!

More info: www.thirdsectorimpact.eu



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