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## SOCIAL SERVICES IN FRANCE: A PUBLIC/PRIVATE PARTNERSHIP

### 0. Introduction

The field of social services is characterised in France by a mixed structure, which has favoured the enormous growth in this field of the third sector. Social services, that is facilities for specific groups of people such as families, disabled, elderly, young people and adults in social difficulty, income support and maintenance, emergency and relief, and charities, is by far the major area of non-profit involvement, in spite of the sustained expansion of governmental provision in this field. This field accounted for 42 per cent of the third sector's operating expenditures in 2002 and 47 per cent of total third sector employment, employing 742,000 wage earners. Apart from being the largest field of non-profit labour, non-profit employment in this field dominates employment in the area of social services (58 per cent of total employment) and has more than doubled since 1990, contrasting with a stability in general employment over this period.

The development of a mixed delivery system in the field of social services can partly be explained by a voluntarist policy toward decentralisation, which contradicts a thousand-year old tradition of *etatism*.<sup>1</sup> The decentralisation Acts (1982-2003) redistributed the responsibilities between the state and

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<sup>1</sup> Indeed, centuries of conflict between the state and any form of intermediate bodies explain the strong centralisation in France. The central government fought successively against :

- regional governments and religious minorities (Protestants and Jews) during the Old Regime,
- the corporations, and the Church and its congregations, which ran non-profit schools and hospitals until the 1789 Revolution.
- during the 19th century, the State fought against the labour movement and the political associations. It is only at the turning point of the 20th century, that the third sector ceased to be illegal, with the still-living 1901 Act.

This historical sketch explains why most of the non-profit sector is relatively recent.



local communities.<sup>2</sup> New activities and new resources were transferred to the local Governments. Among these activities, culture and arts, sports, education and training services are important areas but the social welfare services outside the Social Security, that is *aide sociale*<sup>3</sup> transferred to the *département*<sup>4</sup> and of course local development, became the "game preserve" of local Government.

State intervention is now more targeted and the state's participation in the financing of personal social services is slowly decreasing. As Tchernonog stated (1992), the division of responsibilities in social policy in France is defined as follows: «central social policy targets the major functions of risk coverage through compulsory insurance, income redistribution between population groups and regulation, the welfare system acting as a counterweight to the economic system. At the local level, action is targeted at social management of the community: the actors at municipal level adjust their tactics on the basis of the shortcomings observed in central government action and provide aid or services which top up and are complementary to national aid».

In a context of budgetary crisis and facing these new responsibilities, local governments contracted out the provision of many services. Since they have been contracting with for-profit providers for equipment, open spaces management, public construction and economic services, they have favoured the partnership with non-profit organisations<sup>5</sup> for cultural and educational concerns and above all for social and employment policies.

This delegation of services allows the local authorities for cutting down the costs by evading the severe regulations ruling public sector employment (impossibility of dismissing workers once hired, higher wages for unskilled workers than in the private sector); another reason is to escape the heavy

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<sup>2</sup> Three levels of local government exist in France: the *communes* (about 36.000), the *départements* (96), and the *régions* (22).

<sup>3</sup> *Aide sociale* is the term used for the social welfare money or in-kind transfers outside the Social Security scheme. It is based on the principle of assistance and proximity, as opposed to insurance on which social security schemes rely. It is financed by taxes and not by social contribution.

<sup>4</sup> Which has received a transfer of funds.

<sup>5</sup> That is most of all associations run by the 1901 Act, since there are very few foundations in France (less than 500). Mutuels also play a significant role in running social establishments.

rules of public accounting which inhibit innovation. Public financing at the local level also implies a tighter patronage and even a political dependence.

The weight of state budget and the growing role of public local authorities in the provision and financing of social services which are more and more provided by non-profit organisations, demonstrates that the area of social services is characterised by a system of *strong interdependence* between non-profit organisations and public agencies. As a consequence, the way their financial and political relationship are structured is of major importance.

After a brief overview of the historical background, the main object of this chapter is to analyse the type of relationship that have been developed between the government, at its different levels, and the non-profit organisations, in the recent years, and the consequences of these new relationship on the traditional functions of non-profit organisations.

## 1. The historical background of the French Welfare system

### 1.1. A recent Welfare system

The French welfare system is more recent than the German or the British ones. The interwar period was the beginning of statutory social insurance in France. After W.W.I., the recovery of Alsace and Lorraine, lost in 1870 war and since ruled by German law, created a new problem: those regions benefited from the German social insurance set up by Bismarck (sickness and industrial injuries insurance; retirement and disability pensions). In 1918, France had no social insurance, except for industrial injuries and a very limited pension scheme, and had to choose between specific rules for the two newly recovered regions or the generalisation of social insurance. Of course, this last solution was chosen by a centralised government.

This is why, the first 1930 social insurance followed the German pattern: compulsory sickness insurance, disability and old age insurance for the low-income salaried employees. A specificity of the French system is generous universal family allowances, prompted by a birth-raising policy, that explains that the present French fertility rate is the highest in Europe after the Irish one.

After W.W.II, this "Bismarckian" social insurance system was replaced by a more comprehensive social security, influenced by the system that Lord Beveridge set up in the UK. Initially intended for the salaried population, the

social security scheme previewed an extension to the whole population, which occurred about 1970. From the very beginning, the benefits from social security were a large part of household income: 15% in 1949 and this relative part increased to 31% in 2002 on a total of 443 billion euros. Retirement and old-age benefits are the most important part (44%), followed by health reimbursement and third party payments (35%), family benefits including housing allowance (12%) unemployment insurance and solidarity allowances (7%) and minimum income (2%). Related to GDP, social protection expenses are 29% and France ranks second on twelve European, after Sweden. So the welfare state is an important reality in France. Regular polls show that French people are attached to their high level social security.

The creation of the social security scheme in 1945 called into question the role of the mutual societies, which were at the origin of social protection. They are still very active in the field of voluntary complementary health insurance and on medical and social prevention as well: drug and alcoholism prevention, modern birth control, regular medical check-ups, poliomyelitis or tuberculosis prevention, or AIDS prevention, are fields where mutual societies and associations were first; social security followed. In the post-war period, mutual societies and associations also began to run social establishments, mainly for the disabled and the elderly.

### *1.2. The provision of personal social services in France: a system based on pluralism*

Government responsibility in public welfare is a deeply rooted idea in France. French history is characterised by a thousand year old conflict between the state and any form of intermediate body, especially those linked to the Church, inherited from the *Ancien Régime* and above all from the French Revolution. This conflict lasted until very recently. This context explains that the main characteristic of the French welfare system is its centralisation, despite the recent trends toward decentralization.

But this statist pattern did not dominate in the field of social services. Indeed, contrasting with an everlasting school war,<sup>6</sup> peaceful relationships

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<sup>6</sup>The "school war" is one of the most ancient and sensible quarrels which agitates France from time to time throughout the 19th and the 20th centuries. From a monopoly of the church in the field of education till the 19th century to a republican school fighting against the catholic influence during the first part of the 20th century, the education sector in France

rapidly dominated between the State and the Church in the social welfare area, on a contractual basis with social security or other social funds. The Church progressively ceased to run welfare establishments or services directly and the State or associations replaced it. This secularisation trend began during the French Revolution and ended mid 20th century.

From the 1950s and 1960s on, with the constant economic growth and with demographic and socio-cultural changes, civil society appeared to be more eager to initiate the provision of special services. The 1960s were also a time of institutional and political debate, and of the emergence of *laissez-faire* ideologies, questioning the opportunity of a state-centralised policy in every public field. Critics of the welfare state denounced the inefficiency of public policies, their waste, the weight of bureaucracy, and most of all the inadequacy of public procedures to cope with new or evolving needs. According to Ullman (1993) «delegation to non-profit organisations has been the result of a deliberate effort on the part of political elites to improve the functioning and extend the scope of both social service provision and of French democracy (...) It results in part from the responses of policy makers to the set of challenges faced by all modern Welfare states. It began, however, with the efforts of French political elites to right the imbalance between an overly centralised and insular state and a weak and fragmented civil society». The public powers were also surpassed by the growing demand for social services linked with the need for more choice and flexible supply. Then, non-profit organisations intervene in the provision of special types of services.

The field of the services for disabled people, in this sense, presents interesting specificities. During the Interwar period, the first self-help and interest groups for handicapped people emerged, composed of the handicapped themselves, their parents and families, advocating an autonomous and global policy towards them. These groups were focused on the right to work and to earn a living as well. As there was no core legislation for handicapped people apart from laws concerning the disabled veterans (1919) and those involved in on-the-job accidents (1898), non-profit organisations pursued advocacy for the economic independence of handicapped adults. In the fifties and sixties, with the implementation of

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takes roots in a tumultuous history. Indeed, after the 1905 Disestablishment of the Church, the conflict between Catholicism and republican ideology focused on school and became more and more political. Even nowadays, the position towards private schools is still a sensitive issue between the Right and the Left.

Social security schemes, the pioneer organisations of handicapped people began to mix the provision of services with advocacy, creating facilities and services (especially residential and work facilities). These associations rapidly received a formal public acknowledgement through the status of *reconnaissance d'utilité publique* (the official label of associations recognised as being of public utility). Then they obtained a continuous flow of public funds through state financing or third-party payments.

Recently the Government has introduced new and significant laws which encouraged the formation of non-profit organisations in the field of social services. Let us quote two examples :

- \* 1989 : Law encouraging "intermediary" associations supplying jobs to people experiencing social difficulties: unskilled young people, potential or former delinquents or drug-addicts.
- \* 1992 and 2004 : Legislation encouraging (by social contributions cuts and other incentives) the creation of "neighbourhood jobs" by households, such as housekeeping, nursing care for children, the disabled, the elderly. As many households could only afford a part-time job, many non-profits were created to convert part-time in full-time by multiplying employers. They also provide training and fulfil administrative tasks instead of the elderly or disabled employer.

## 2. The functioning mechanisms of the welfare mix

### 2.1. The general structure of the field of social services

The general division of labour in France now in the field of social services is one in which the state provides the standard and basic services directed towards the entire population or which present one or various of these characteristics :

- \* a strong consensus on their importance and usefulness;
- \* a direct link with the "regalian/regulating" functions of the state: for example, services linked with justice such as services for juvenile delinquents are generally taken care of by the state, whereas other services are partially delegated to non-profit organisations. The state is indeed reluctant to loose the direct control on these activities.
- \* the more medical social services and those which present a relatively high level of technicity.

**Commentaire [EA1] :** R egalien (in French) means that the function belongs to the core of the state ie: defence, security, justice. It is the minimalist state according to A. Smith

The state at its different levels delegates the delivery of personal and specialised services directed toward minority groups and socially endangered populations, or responsibilities in responding to new, less defined and highly specialised social needs, especially those involving moral support for socially disadvantaged populations and family relations. But the state almost always provides the bulk of resources, through direct financial support or reimbursement by social security.

The debate on the level of statutory direct involvement in the delivery of services is less relevant in France as elsewhere since the Welfare state is not questioned as much as in other European countries. There is a large consensus on the necessity to maintain the statutory role in most types of services.

Institutional care is still the cornerstone in providing social services in France. Residential facilities are those which have really shaped the area. The majority of the establishments were set up mainly during the 1950s and 1960s, which is also the most prominent era of rapid government expenditure expansion. Today, the set-up of new establishments is less frequent, with the exception of retirement homes, because of the financial constraints of public funding, but also since the needs are nearly satisfied (Archambault, 1996). The third reason is that the general discourse of policy makers is based on a voluntarist policy toward de-institutionalisation and a larger openness of the structures to the "normal life": it is typically the case in the 2005 Law on the rights of the disabled.

### *2.2. The mixed provision of personal social services*

According to the INSEE non-profit institutions satellite account, (Kaminski 2005), in 2002 non-profit organisations providing social services employed 747 000 FTE wage earners, that is 52 per cent of the employment and 45 per cent of the value added of the Third sector. The number of non-profit organisations employing salaried in this field is 33 000, that is 26 per cent of the total number of non-profit employers organisations. So the size of the organisations in social services is larger than the mean NPO because of the importance of residential facilities. The distribution of social services according to their beneficiaries is shown in Table 1.

Table 1. Non-profit social services in France : number, employment and value added, 2002

Services intended for	Number of NPI	Paid Employment	Wage bill Social contr. Included (\$ billion)	Value Added (\$ billion)
Disabled Children	737	105.900	2.456	3.088
Children and Youth in grief	5.017	84.560	2.291	2.880
Disabled adults	1.263	107.120	2.413	3.034
Adults in grief	5.640	64.660	1.556	1.956
Elderly homes	1.600	57.710	1.266	1.458
Infant day care	2.847	22.540	395	419
Polyvalent social services	11.701	161.120	3.884	4.883
Disabled workshops	748	58.420	1.225	1.413
Home care services	3.525	84.890	1.201	1.388
<b>TOTAL SOCIALSERVICES</b>	<b>33.078</b>	<b>746.920</b>	<b>16.688</b>	<b>20.519</b>
<b>TOTAL NON-PROFIT SECTOR</b>	<b>128.191</b>	<b>1.435.330</b>	<b>35.919</b>	<b>45.471</b>

(Source : Kaminski, 2005)

This table show the weight of disabled residential facilities and services and the importance inside these of the polyvalent social organisations that are often the heirs of former catholic charities .

As shown in Table 2, non-profit organisations provide the bulk of the services for the disabled that is almost 90 per cent of the establishments and 85 per cent of employment. Establishments for handicapped people are highly specialised in France. Residential services for adults in social difficulty (*Centre d'Hébergement et de Réadaptation Sociale*) shelter adults and families with psychological or social problems, especially the homeless, with the aim of helping them recover their autonomy and join the mainstream.



Table 2: The share of public agencies, non-profit organisations, and other private organisations in the delivery of personal social services in France, 1996

Status of the organisation		Public agencies	Non-profit organisations	Other private organisations
Beneficiaries	Type of service			
Handicapped people	number of establishments	8.1%	89.1%	2.8%
	employment	11.0%	85.2%	3.8%
Protection of children	number of establishments	14.3%	82.6%	3.1%
	employment	26.3%	70.3%	3.4%
Adults in social difficulty	number of establishments	11.3%	86.5%	2.1%
	employment	17.1%	81.0%	1.9%
Elderly homes	number of beds	58.0%	29.1%	12.8%
	employment	59.5%	27.8%	12.7%
Child day care	number of establishments	60%	40%	
Housekeeping services	number of establishments	30%	60%	10%
Home care services	number of places	?	70%	?
Family home help	number of services	?	96%	?

Sources: Ascoli, Ranci, 2002

Establishments for *children experiencing social difficulty* provide home care for pregnant teenagers or isolated mothers in social difficulty, foster care, some receive deprived or neglected children. Clubs and centres dealing with the prevention of delinquency (*clubs et équipes de prévention*) present the originality of being directly settled in highly deprived areas. These activities are mainly in the non-profit sector while activities connected to educational

matters or in the field of justice decisions following-up, are in the domain of the public sector.

**Commentaire [PH2] :** c  
heck wording

The part that non-profit organisations play in facilities for *the elderly* is smaller (29 per cent of beds) and public agencies prevail in this field. Explanations of this prevalence are that during the last two decades, many public hospital beds were in excess and have been converted in hospital nursing homes (*long séjour*). The management of homes for the elderly also attracts commercial companies, since the income of the elderly has dramatically grown in the last decades.<sup>7</sup> Powerful hotel trades (such as Sodexo, Accor, Veolia, Vivendi) are screaming the high-income clients. This situation has adverse consequences on the financial equilibrium of non-profit organisations. The recent development of *housekeeping* and *home care services* is at the origin of strong and interesting debates on the specific roles for non-profit organisations. The State incites to the development of these services, because of a double observation: on one hand, a huge unemployment of unskilled people, especially women, and on the other hand unsatisfied needs in an ageing population. Home services are delivered at 70 % by the third sector, and about 85 000 FTE wage earners are employed by non-profit organisations for these services and much more in headcounts as part-time work is the rule.

**Commentaire [EA3R2] :**  
The actions which follow the court judgements

As far as *day-care facilities* are concerned, the welfare-mix of France is very specific because of the early school attendance of children from 2 to 5 years old. This specificity is due to the existence of a very efficient pre-elementary school (*école maternelle*): 2,560,000 children between 2 and 6 were at school in 1995, 88 % in public pre-schools, 12 % in private non-profit pre-schools. The indicator in table 2 concerns only the children below the age of 2 and the children above this age, who are not at school, but attending *crèches*, day nurseries, family day nurseries or nursery centres.

Finally social services intended to “excluded” groups and especially the immigrants are a quasi monopole of the non-profit sector: for example the rehabilitation of the suburbs, the integration of immigrants through literacy and training programs or through legal services or the help to the drug-addicts or alcoholics.

Table 2 shows also that the private units are smaller than the public ones. For-profit organisations play a marginal role in the provision of personal social services, because of the frequent insolvency of the client, and the

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<sup>7</sup>The average per capita income of elderly people is now higher than the average per capita income of the working population.

anteriority of non-profit involvement. But one can remark a new determination from the French body of private employers, represented by the business organisations umbrella, the MEDEF, to push private for-profit firms to provide home services, as this union has declared in a report on this subject (MEDEF, 2002).

### 2.3. *The financial relationship between the state and the non-profit organisations*

In exchange for the crucial service delivery function performed by the third sector, the state covers a large part of the expenditures, asks for accountability and controls the providing organisations. The bulk of the resources comes from the government or the Social Security Schemes. The large residential facilities are funded either through per-diem reimbursement by Social Security, or through annual subsidies, while in kind support and global and sometimes rather symbolic grants tend to dominate for small-sized local non-profit organisations. A general rule is that the larger the organisation, the larger the public support will be. On the contrary, users fees are quite low in France but they vary among the services. For example, clients' fees are rather significant in homes for the elderly (clients finance in average about 1/3 of the service). In the case of housekeeping services or infant day care, the clients' contribution increases with the income. Health home care services and above all the services for the disabled are free of charge and totally funded by public money to ensure an equal access to those services.

Schematically, the establishments run by non-profit organisations are more or less quasi-public associations. The level of government financing is very high, generally through the social security scheme or financing by the *Département*.<sup>8</sup> The organisations are heavily regulated by state procedures and the accountability requirements are very high. Conversely, the small-sized social services have more diversified resources and are therefore more independent of the central government. On the contrary, they frequently share quite a strong relationship with local communities. The regulation procedures are also less frequent.

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<sup>8</sup> The *Département* is the level of local government is more active in financing social services, through *Aide Sociale*.

This distinction between residential facilities and light services can also help understanding the degree of institutionalisation of a field: the emergent fields are generally based on small organisations run by volunteers. Then, when the need is acknowledged by the state, and more generally by the Nation, the government begins to finance the activities and then later establishments are set up. The establishments are run mainly by professionals. So the distinction between the two kinds of services also partly involves a distinction between "new-emerging-innovating" services and "traditional-institutionalised" ones.

Finally, the types of financial relationship between non-profit organisations and the government are also linked to this differentiation: the first ones are financed through grants, contracts and third party payments by the state or Social Security, as the other ones are subsidised through general grants, sometimes rather symbolic, or even by in-kind support such as free housing or equipment. Since the Decentralisation Acts, non-profit organisations are also seen as important partners for local authorities and as the best private entities to restore social cohesion and prevent the social exclusion of frail or deprived populations in a period of growing unemployment. Non-profits are considered closer to people's needs than an impersonal bureaucracy; they are able to detect the coming issues and to propose innovative solutions. In the partnership between non-profit organisations and local communities, there seems to be a shift from global grants rather discretionary to special financing based on contracts; general activity contracts with reciprocal commitments are more and more taking the place of the classic system of general year-to-year funding. There are very few tenders, and more mutual agreements, except in the field of services for elderly people, in which they are developing.

Commentaire [PH4] : term?

Commentaire [EA5R4] : hat means non-residential, out-patient services

#### 2.4. The public regulation

The large-scale delegation in the field of social services to non-profit organisations is accompanied by various regulations related to the creation, costs and activities (quality standards, qualification and recruitment of employees...) of non-profit establishments. This field is indeed *one of the most regulated areas of activity in France* as non-profit organisations are fulfilling a public «social mission» (*mission de service public*).

Different kinds of procedures allow the state to establish general regulations of the field:

- 1) As part of the general social security scheme, social establishments are submitted to a process of authorisation, called *habilitation*, involving an a priori control of their project and its feasibility, and then leading to the state financing (*accréditation*);
- 2) The status of *reconnaissance d'utilité publique*, is the official label of associations recognised as being of public utility; many associations providing social services are entitled to this status, which is quite difficult to obtain and not frequent in other fields (Théry, 1986).
- 3) The majority of the associations active in this field have also to receive an agreement (*agrément*). The agreement is, first, a kind of official recognition of the quality of activities performed in special fields; but overall and very often, these activities are possible only if the organisations carrying them out are accredited (*agrées*). It ought to be stressed here that these controls are imposed upon the aforesaid activities, and not especially upon the associations, and that the requested standards have a pecuniary counterpart.

In these cases, the administration has a discretionary power of decision: it thus grants a kind of monopoly to perform some activities, that is to authorise (or not to authorise) a given organisation to fix its aim in the fields concerned and carry out the corresponding activities, and consequently to forbid all others to do so.

On one hand, the result is that the state administration keeps a very close control on the agreed organisation, and becomes a kind of partner for it: the association is then a legal entity, half private, half part of the public administration; strict conditions of morality and financial solvency are required; and similar conditions concern their insurance; special statutes and by-laws have to be accepted by the membership and, in some cases, the President and some members of the board are appointed by a Minister; the books, the activity and the general operation of the grouping are controlled by the controllers of the state administration (*Inspection générale des affaires sociales, Cour des comptes*).

On the other hand, the agreement opens the door to public funding; the agreed associations may receive donations and legacies, even if they are not *reconnues d'utilité publique*. Finally, the agreement allows some associations to bring actions before court for advocating causes in relation to their aim - a very special exception to the French legal principle that no one is allowed to advocate before court somebody else's cause (*nul ne plaide par procureur*): [this is the case with the associations for handicapped people, for example]. Finally social services organisations are tax-exempted.

**Commentaire [PH6] :** This means that the organisations can go to court for these people?

**Commentaire [EA7R6] :** Yes

The mode of regulation in the social services since the 1960s, has been based on the continuous creation of establishments, and on the heavy equipment needed to supply them. This strategy has been quite efficient in a period of growth, but becomes unbearable in a situation of recession, as it brings with it a deep growth in operating costs and a structural increase in the size of the organisations. The decentralisation has somehow changed the relationship between the public powers and the associations, especially in the field of social services. Indeed, non-profit organisations are now much **more proximate from their funder** and control is becoming more easy for local authorities. They are sometimes submitted to the political patronage of local leaders who take advantage of their purchasing power. For small non-profit organisations, especially for the activities linked with the support of groups, advocacy or "watchdog" roles of non-profit organisations, global grants, are distributed rather discretionary. In very small organisations, this financing is generally symbolic or in-kind.

**Commentaire [PH8] :** Proximate to their under?

**Commentaire [EA9R8] :** the NPOs are nearern their partner ( geographical and cultural proximity)

### 3. Consequences of the new partnership on traditional functions of non-profit organisations.

#### 3.1. *New managerialism and evaluation procedures*

So far there has been no competition between the actors in the field of social service. The general attention on competition in France is rather linked to a process pushing toward efficiency, monitoring and so on - patterns which have been called "New managerialism" or "entrepreneurial model". Currently it seems necessary to show that the public money is well used.

There is now a quite strong emphasis put on efficiency in all the non-profit fields. The market mechanisms have guided the search of a more effective model of management. For example, the development of evaluation procedures, of marketing rules and new tools, and so on is coming from the private for-profit sector; these procedures involve a change in the way non-profit organisations are recognised; they are more and more considered as real "enterprises" even in the field of social services, which was at first reluctant to these procedures. There is now a tendency to consider them as real enterprises, concernd with the management of services. This tendency will no doubt be reinforced by the next implementation of the *Loi organique sur les lois de finances (LOLF)*, the basis of the reform of the State: health

and social services organizations are near the welfare state and as such they will be subject from January 1 2006 on to the state reform. It compels all public and private mainly public funded organizations to compute efficiency indicators. Of course, these efficiency indicators cannot be strictly quantitative and those organizations have to report on their outputs, outcomes and impacts on the clients/beneficiaries and on the economy and society at large. A theoretical reflection on a multi-dimensional “ social utility” is currently carried out by researchers (Gadrey, 2003), using a social indicators methodology and it could help to measure the quality of human services delivery.

We can observe also a bottom-up approach: some non-profit organisations are developing special labels for guaranteeing the quality of their services: this is especially the case in the fields of home care and establishments for handicapped people: these projects are called *démarche qualité* (quality process). The criterion include equity principles.

### *3.2. Increased competition with standard businesses: the risk of anti-selection*

As we have already stated, forprofit providers still have a little part in the provision of personal social services. However, as needs and demand for social services will obviously keep increasing during the next decade, because of an ageing population, and especially of an ageing disabled population, and also because a new allowance was created in 2002 for the dependent elderly that makes them more solvent, standard companies will probably be interested in some of the fields. Two risks can be forecasted: on the one hand, non-profit organisations may one day be confined to unprofitable activities, and the companies would «cream-off» the market for the well-off or the less disabled, and let the non-profit organisations handle the assistance to poor and severely disabled people; on the other hand, to compete with firms, non-profit organisations could be tempted to select the solvent clients, or the powerful groups of clients, to the detriment of equity. These risks of anti-selection exist in other fields and are all the more worrisome in a period of severe social exclusion.

Furthermore, nowadays, public authorities tend to impulse a competitive regulation instead of the former public one by programs directed toward the demand solvency instead of an organisation of the supply. This means giving direct grants to the persons involved rather than aid to organisations. The

financial constraints also lead to a re-discovery of the role that families can play in the provision of services. Since 1996, in the field of home services, the beneficiaries have been authorised to hire their employees, including their relatives, directly through a system of "service vouchers" (*chèques service*), combining the fee paid by the household with public financial support.

The new *Allocation personnalisée pour l'autonomie* (APA) corresponds to this new policy. This allowance implies a financial contribution of the user of home services or the client of a residential facility and a complementary financing from the *Departement*. Non-profit organisations active in the field of home services consider that the implementation of the APA involves a destructureation of the supply and a de-professionalisation of a field which was just in construction. This analysis may be pessimistic, but what is sure is that APA enlarged the market of social services and these new procedures tend to produce a slow transition from a societal conception of social welfare to a "consumerist and individualistic" one.

### 3.3. *The involvement of non-profit organisations in the definition of public policies*

In the last two decades, non-profit organisations played a leading role in the definition, writing and implementation of social policies, even if the state always gives the final coherence and the political process affords the legitimacy of the policy. Many examples can be found:

The *Loi du Revenu Minimum d'Insertion (RMI) (Law Guaranteeing a Minimum Income)* in France, traces back to 1988. This official acknowledgement has followed a long-term de facto cooperation between non-profit organisations and public authorities to experiment minimum income allowances and insertion contracts implying individual follow-up in some deprived areas before its generalisation across the whole country. More recently, we can also observe that the legal implementation of the "*emplois-jeunes*"<sup>10</sup> had gone back to experiences in non-profit organisations and now, non-profit organisations are explicitly identified as potential employers for these new contracts.

Another example is the *Politique de la Ville (Town Polic)*, a policy promoting improved urban conditions in deprived suburbs which are becoming more and more immigrant and ethnic minority ghettos. With the

**Commentaire [EA10] :** §  
uppress new

**Commentaire [PH11] :** 1  
ootnote is missing

**Commentaire [EA12R11]**  
Footnote: These emplois-jeunes are part of the labour market policy: they are intended to semi- skilled unemployed youth ; the state pays the bulk of the wage during a 5 years contract and the employer is a public or private nonprofit organisation.



growing unemployment which affects primarily immigrant workers, some suburbs became drug-addiction, drug-dealing and high delinquency areas. The housing became damaged and simultaneously the Communist Party and Catholic volunteer networks weakened. In a sense, the non-profit network replaced them in the mid eighties and was part of the changes of this Town Policy. The non-profit network at the local level is a mix of old associations such as the multipurpose social centres and new associations such as anti-racist, ethnic and more precisely Muslim associations or neighbourhood and local development associations. In the recent years they have developed literacy programs and training courses for adults, school help for children of immigrants, sports and recreation clubs, education and mutual help for women, legal assistance and aid for administrative problems. When the Right came back to power in 2002, they cut a large part of the subsidies of these associations and it is one of the multiple causes of the riots of November 2005 in these suburbs.

In this second case, non-profit organisations are used as substitutes of public responsibility. The state uses contracting associations as "survivor kits". Bourdieu and alii (1993) indeed showed the omnipresence of associations in the day-to-day life of the underprivileged contrasting with the failure caused by the withdrawal of public agencies and even of businesses in the most deprived areas.

Other examples of the involvement of the main non-profit umbrellas in the definition and implementation of recent social policies can be found with the 1998 *Loi de prevention et de lutte contre les exclusions (Law against social exclusion)*, the 1999 *Couverture Maladie Universelle (Universal Health Protection)*, the 2005 *Loi pour l'égalité des droits et des chances des personnes handicapées (Law on the Rights of the Disabled)*.

### 3.4. *The main dilemmas facing the Third sector*

#### 3.4.1. Advocacy or bureaucratisation?

Confronted with strong public regulations in terms of accountability and technicality, non-profit organisations asking for public money are subject to

bureaucratic isomorphism: many of them<sup>10</sup> have become professional organisations and rely no more on volunteers, with the exception of the board members. The financial dependency is also a source of inertia, as some of the organisations have turned out to be as institutionalised and as rigid as the public bureaucracies are. Their capacity to react to new situations is sometimes low, and their advocacy role is declining. But this institutional isomorphism is linked with the characteristics of the money transfers, and especially concerns the large associations. Still, there is no automatic link between the importance of public financing and the degree of autonomy of the non-profit organisation: many large organisations have a democratic governance and advocate for their beneficiaries

#### 3.4.2. Stability or innovation?

The innovation function of non-profit organisations is linked to their capacity to *react rapidly* to a changing environment and to afford non-bureaucratic answers to new social issues. Non-profit organisations reveal the insolvent needs which cannot be expressed on the market and find ways to cope with them, as they are deeply rooted in local communities. One has also to emphasise non-profit organisations' capacity to seize a social problem in a *multipurpose dimension*, contrary to the administrations which compartmentalise the policies: employment, income, health, social and family position, housing, education and skills. Many recent NPOs mix also a social policy with environmental issues or international aid to developing countries; for example, some recent organisations specialised in the integration through an economic activity of young people far from the labour market (*enterprises d'insertion*) by recycling obsolete computers and other electronic waste and either sell them to low-income population or send them to African countries.

Once again, it is very important in the analysis of the role of non-profit organisations in terms of innovation to distinguish large associations, such as those managing residential facilities and other social services. The building-up of institutions, which has long been the cornerstone of the field of social services, has been both a source of innovation and paralysis. There is now a

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<sup>10</sup> The largest ones, the national ones, those which mix advocacy with service provision, and obviously, the establishments themselves.

tendency against the institutionalisation of handicapped people which is considered to be a way of imprisoning disabled people. These kinds of organisations are frequently considered as involving limitation in the innovation process as well.

The division of responsibilities between large and small organisations is also important in terms of innovation, even if the link is not systematic since some large organisations can also be innovative: the small ones are frequently devoted to innovation and experimentation, with global grants and few controls. The largest are devoted to the management of institutions; they are less adaptive, and less sensitive to environment. Bloch-Lainé (1996) insisted on the ability of the association to be short-lived (*éphémère*) and therefore less institutionalised and more able to give impetus for social change than quasi-public agencies. This is all the more important as France is a very bureaucratic country.

#### 3.4.3. Professionalisation or volunteering?

A movement toward professionalisation, which is still occurring now, has accompanied the early secularisation of social services in France. Nurses and nuns have been salaried more than half a century ago. Social services mark a field characterised by the fact that all the professional careers have begun by volunteer activities. The first social workers, before and during the first World War, were catholic single volunteer women. After 1918, the qualification of these women has been acknowledged, they received social visibility, and a new profession has been created, identified by professional organisations, vocational education and specific diplomas.

One of the most innovating roles of non-profit organisations is indeed to *initiate and experiment with new types of jobs and to create new skills*, especially *relational skills* which are becoming more and more important on the labour market. For instance, being a former alcoholic, drug-addict or prostitute qualifies the volunteer to fight against these social diseases and assist the victims; of course, this kind of qualification is not written into the curriculum vitae for being used on the labour market. Indeed this role of prospecting new jobs is essentially played by volunteers, and then by the wage earners of non-profit organisations. But the public financing is also partly responsible for this movement towards professionalisation, since it involves the understanding of the financing circuits, the drawing of regular reports, funding negotiations and so on. Finally, the initiative of the creation

of non-profit organisations also came from professionals or unemployed who wanted to create their own job.

Generally speaking, volunteers are now rarely involved in the management of large establishments since agreements and contracts impose professional skills. In these organisations, volunteer involvement is limited to the participation in the board of directors or to visiting, teaching, amusing and coaching the disabled or the elderly, and they have no function in the establishment itself. This is partly due to the predomination of professionals and to the heavy regulation. But volunteers are still very active in the advocacy organisations or small emerging structures.

In fact we cannot speak of a process of "de-voluntarisation"; indeed, surveys show that both volunteering and paid employment develop in the field of social services: facilities for specific groups of people such as families, handicapped, elderly, young people and adults, in social difficulty, income support and maintenance, emergency and relief, and charities represented in 2002 about 15 per cent of total volunteering in France, that is about 123 000 FTE (INSEE, 2002). But volunteers are specially involved in co-ordination, and representation activities in organisations hiring staff while they are more multi-purpose in organisations without employees.

#### 4. Conclusion

To conclude, we dare to say that the introduction of a "contract culture" is an emerging issue for the French non-profit sector, as it was for the British or the Italian ones (Kramer, 1992; Ascoli and Ranci, 2002). In spite of the decentralisation process and of the recent entry of for-profit companies in some subfields as residential care intended for the elderly or home services, the non-profit organisations remain more challenged by the public than by the market economy. Inside the partnership with central or local government, incentives and targets mix criteria that are concerned with quantity, quality and equity. Competition is not very strong and invitation to tender is not as common as in some other countries and it is not considered by the state as the best way to establish contract on this basis. In this context, what are the main trends facing social services non-profit organisations?

First, European integration is more and more a reality for the largest non-profit organisations and, at this level, they will face an active competition and will be involved in bidding and invitations to tender. By the European bias, a more market-oriented behaviour may happen, associated with a greater part

of earned income resources. But there is a strong reluctance to accept this market orientation in the French mentality, as the opposition to the Bolkestein directive on the liberalisation of services, the “no” to the constitutional treaty and many recent social movements showed.

Second, the long-term issue of labour market policies will result in orienting non-profit organisations toward this aim. We can already observe eviction effects between the employment target and more traditional concerns or more diversified populations. On the one hand, associations are the main recipient of all kind of state supported jobs and benefit of a nearly free of charge staff. On the other hand the welcomed young people are unskilled and need a tight coaching (with the exception of the *emplois-jeunes*, suppressed in 2002) and the non-profit organisations fear to loose their main object.

Third, the ageing of the population is challenging France as it is the case in every industrialised country, giving opportunity to new services: elderly recreation, residential care, health services, home assistance, protection against dependence. The ageing of some specific population groups is a specific challenge such as the ageing of physically or mentally handicapped persons who in previous times died at an earlier age. The financing of these services is also a main issue, as the weight of compulsory levies is considered as too heavy to be raised further. Thus the fees may be raised as well as other market resources.

Last, the reform of the state is now actually on the agenda, after some failures. It is favoured by the fact that one third to one half of the civil servants, according to the parts of the public sphere, will retire in the next decade. [A more readable presentation of the 2006 state budget is the first stage of this reform. A systematic evaluation of the efficiency and effectiveness of public action will be the next phase. As a means of this reform, a reinforcement of the public-private partnership will appear.] In this painful transformation, the public sector may consider the Third Sector as a field of experimentation and a vanguard in the way of reconciling efficiency and general interest.

Commentaire [PH13] : 8  
 sentence not clear

Commentaire [EA14R13]  
 Lines are missing. Please  
 correct the wording

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