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**“Entrepreneurship in French non profit organizations dealing with  
medical, health and social sectors”**

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Abstract :

In France, a large number of non-profit organizations are part of the third sector (services to clients) and are as such at the intersection of the market, the state and the informal sector. At the same time, the extensive development of Civil Society Organizations (CSO) leads to the reproduction of the practices stemming from the company in these a priori non-profit organizations. Today, those French NPOs above government supervision have to justify themselves. For example, do they bring entrepreneurship in public management? Our double case study underlines the original emergence of plural forms of CSO entrepreneurship. Actors' games are observed. Besides, we can speak about social entrepreneurship when CSO configure an offer of trade service. Finally, we sometimes observe a reconfiguration of the institutional borders of the CSO.

## **Entrepreneurship in French non profit organizations dealing with medical, sanitary and social sector**

A large number of non-profit organizations are part of the third sector (services to clients) and are as such at the intersection of the market, the state and the informal sector (Evers, 2000; Laville, 2000). Hospitals, museums, schools ... we are witnessing an increase in the number of non-profit organizations involved in the public sector often in an implicit or tacit way. This government supervision exists because of the nature of the missions given to non-profit organizations but also because of the public origin of their funding.

In France, as a general rule, two thirds of non-profit organizations have public funding. According to a 2006 Matisse CNRS (French equivalent of NSF) survey, the budgets of non-profit organizations are supplied up to 54 % by public funding (15 % for town councils, 15 % for national level, 8 % for “department” level, 8 % for social welfare bodies, 3 % for regions and 1 % for Europe). Still according to this survey, the private resources would mainly be constituted by the resources of the members. However, the nature of budget revenues differs according to the branch of activity. Thus, in the social field, the share of private funding would still decrease.

Following a recent evolution of the French legislation in the medical, sanitary and social sector, these non-profit organizations are facing the necessity to clarify their situation.

This is why it is interesting to study those NPO at the cross section of economical, social and institutional fields. Could they be entrepreneur whereas they are non profit?

To answer this question we have chosen to study the case of two non-profit organizations representative of the situation of the non-market sector under government supervision: French non-profit organizations in the medical, sanitary and social field.

Our paper is divided into three sections.

The first theoretical section presents a review of the literature in management science around the notions of entrepreneurship in economical, sociological and institutional fields. The few studies concerning this topic and the theme of non-profit organizations are analyzed.

This conceptual framework being set out, the second part of the article expounds the empirical part of our research. It describes the method and the results of the study in the two French non-profit organizations of the medical, sanitary and social sector chosen.

The third part discusses the results and tries to conclude: can a “non-profit entrepreneurship” be considered?

## **1. Conceptual framework**

### 1.1. The social entrepreneur

In France, more than 20% of the 27,000 companies with more than 50 employees or more are non-profit organizations. This development and the obligation to account lead to an increase in private companies practices within non-profit organizations. To such an extent that social economics defines today the notion of social entrepreneurship. It would be for example according to Rousseau (2007: 34) a « *manager with the necessary skills to promote and develop a mode producing specific goods and services: those with social added value, viable economically speaking and in accordance with the values of the organization project* ».

## 1.2. The NPO as institutional entrepreneur

According to DiMaggio (1988), new institutions appear when organized actors having sufficient resources (institutional entrepreneurs) see in them an opportunity to realize interests that they value highly.

Within a classical strategic analysis, Hull and Lio (2006) emphasize the difficulties for the non-market sector to innovate particularly because of its aversion to risks. However, a large part of the literature around the institutional entrepreneur deals with non-profit organizations. Queinnec (2007) even asserts that the flexibility of the status of non-profit organizations in France (1901 law) constitutes a strong institutional precondition to innovation and enables the entrepreneur to focus on the project rather than on the structure.

Two types of organizations appear particularly in the latest literature.

- Professional associations

On the one hand, professional associations often innovate in stable organizational fields. The cases studied most of the time put forward accountants or financial jobs. Greenwood, Suddaby and Hinnings (2002) thus carried out an historical survey (1977-1997) of the case of accountants in Canada in the Alberta region by analyzing archives and interviews.

In the same way, Lounsbury and Crumley (2007) studied in a longitudinal way (1924-1995) the case of the creation of a practice of active financial management in the sector of investments funds. Among the actors at the origin of the setting-up of innovation, professional organizations are well placed: the National Federation of financial analysts societies (1947) which changed its name in 1960 and merged in 1990 with another professional association.

- Non-governmental organizations

On the other hand, non-governmental organizations are sometimes major actors of the institutional entrepreneurship in instable or emerging organizational fields.

The cases studied are of two types: medical and environmental sectors.

Lévy and Scully (2007) studied international NGO's which are part of institutional entrepreneurs in the case of fight against AIDS (homosexual activists, African-American organizations, generic drug producers).

## **2. The case of two French organizations from the medical, sanitary and social sector**

### 2.1. Methodology

The case study constitutes the core of this research. The usual standards in qualitative methodology have been applied. The field is composed of two organizations from the medical, sanitary and social sector located in Normandy. The whole study was carried out in 2006-2007. Twenty one semi structured interviews were conducted, based on an interview guidebook, with members of the staff representative of managers but also of employees within these two organizations. These interviews were recorded and retranscribed. We will use some of those quotations in the paper.

As many authors recommend (Yin 1994, Grawitz 1998, Pettigrew and al. 2001), a strong attention was paid to the contextualization of the analysis. This required among others the collection of data on the history, the founders and directors and the environment of the organizations studied.

We cross-verified our data to greatly improve the external validity and the reliability of the qualitative research. It was therefore important to be able to have at our disposal all the documents necessary for the analysis: balance sheets, income statement and activity reports have been analyzed over the last two or three years according to their availability.

Finally, the return of the first analysis was done on the field. The feedbacks of the actors allowed us to enrich and clarify our vision of the case.

## 2.2. Presentation of the cases studied

### “Association les Papillons Blancs”(White Butterflies), Normandy, France

As a general rule, this non-profit organization is highly diversified in the follow-up of children and adults with a handicap: from care to school then work, through accommodation: besides the head office, eleven structures are distinguished, gathered in 6 centers including the “CAT” (“Centre d’Aide par le Travail”, Help through Work Center)

According to its director: «the association is located around Pont Audemer (11 000 inhabitants) (Normandy). It’s a local structure which mainly follows mentally handicapped children and adults. 300 people are treated all year round by 160 employees representing 205 jobs. It’s worth noting that three of the structures have been newly created. An occupational community home for handicapped adults is still lacking.”

The activity reports give us information on the general purpose of this association and its functioning principles: “the principle of charity (to do the user’s good), the principle of not being harmful (not to hurt), the principle of autonomy; the principle of justice”.

### Association “La Clairière” (The Glade”), Normandy, France

The Marie-Ange Mottier non-profit organization manages the center for physical medicine and rehabilitation called “La Clairière”. This sanitary center taking part in the public hospital service is specialized in pediatric functional reeducation. It welcomes about fifty children, from a few months old to twenty years old, with serious functional problems, under the authority of the regional hospitalization agency of Normandy. The pathologies treated are

neurological, neuromuscular, sequels of accidents or operations, permanent vegetative state and, more recently, severe pediatric obesity.

The association is structured around four main services: hospitalization, reeducation, pedagogy; general services.

The institution also welcomes a school and a junior high school partially subordinated to the national education, which are part and parcel of the care system.

The association is run by a board of directors which gathers only the members of the association. With a religious origin, the association has evolved a lot to adopt an entirely secular functioning, today even if two nuns are still members of it and if religious values are still claimed by some employees.

### **3. Discussion and conclusion about NPO's entrepreneurship**

#### 3.1. Actor's games (social level)

Negotiations are carried out with the supervising authorities beyond the administrative procedure strictly speaking. The association's director's and the treasurer's services are often called upon for this task.

*« The system of the association is to obtain funds from the supervising authorities or the DDASS (local social services) to run our institutions, so packages are fixed. Besides we are also given the global subsidy. So we have budget established each year and we present that to our supervising authorities. It's accepted, it's refused, in short, we discuss, we mainly justify our claims. [...]*

*We have to go and discuss and present to the supervising authorities. »*



These negotiations mainly aim at getting a budget extension from the supervising authority. Different techniques may be used. Two types of different negotiation strategies can be identified: the “pressure” and the “interaction”. The pressure strategy would be based on a behavior of domination, or even of capture, from the NPO on the supervising authorities. On the contrary, the interaction strategy would favor a more balanced type of relationship which leaves room for arbitration and possible compromises. To put pressure consists most of the time in imposing a deficit which will be made up if the overspending is justified. In this case, controlling the time limit of the different procedures is essential. Interacting is for example, for the director of the association, to have good relationship with the DDASS (local social services) or “*to have a poor image to have more money*”. There is indeed here a process of institutionalization of new practices by linking them to the habits and values of stakeholders.

Finally, what seems particularly striking in the strategy of non-profit organizations under public supervision is the diversity of the participants involved. Indeed, the strategy is first of all the choice of the boards of directors and of the management, but it must be co-built with the supervising authorities. The consequence is moving closer to supervising authorities. The stakeholders are considered as a fully-committed actor of the strategy. Thus non-profit organizations insist on the necessity of being able to influence decisions by participating to the reflections about the evolution of the sector.

« *[With the supervising authorities] the exchange is on two levels: the political one and the technical one; the latter concerns the evolution of the current structures, but also the development of new facilities. Here, our activity is particularly rich. We must define the modes which seems to us to best answer the local needs and be able to fit our wishes into the reality of public policies [...]* Another mission of the association is to be represented within

*the high decision authorities [...] We must be part of the local, “départemental” and regional network; that’s how we can participate, [...] to the evolution of the policies implemented»*

### 3.2. Market offer configuration (economical level)

The two non-profit organizations studied in this paper each participate at their level in the emergence of a new organizational field in the medical, sanitary and social sector in France: the one of the “quasi-market third sector”.

Thus they act within a sector which is becoming more competitive. It seems that a competition which didn’t exist before is developing between the non-profit organizations and that a “bid logic” is developing. This could urge small non-profit organizations to group together. Besides, within the framework of the new French law (Borloo law of July 26<sup>th</sup> 2005) new actors can easily intervene in the sector in which the NPO works (whereas non-profit organizations need an administrative authorization). We can here speak of a real exterior shock which favors the emergence of a new organizational field. Indeed, new organizations offering services to persons don’t have the same collective agreements (nor the same obligations in terms of people skills) and seem therefore much less expensive than non-profit organizations of the classic medico-social sector.

A certain number of non-profit organizations under public supervision of the sanitary and social sector present a discourse on rehabilitation through work activities which may be linked to certain market logic. We are definitely here in the first part of the creation of an organizational field: the theorization. As such, the integration-through-work center of the NPO “les Papillons Blancs” claims to be in competition with other providers<sup>1</sup>. They may be

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<sup>1</sup> Nevertheless, we must remain cautious on this topic. Indeed, the integration-through-work centers clients’ motives are also often non-market: legal obligations to hire disabled workers, personal interest in handicap, emotions...

third-sector producers (prisons, rehabilitation companies including the other integration-through-work centers, countries with cheap workforce such as China or Eastern Europe) but also from the private sector (local companies also having difficulties).

Still following this market logic, the relationship with the clients is not only philanthropic but can also try to satisfy peculiar needs depending on the general activity. When the economy is at low ebb, integration-through-work centers find themselves in difficult financial situations like any private-sector company. Therefore it may be considered to some extent as a reintroduction of the market.

*« I worked with a big client, a perfume packager [...]. He also does small cards for samples. In so far as it requires manual work and as it cannot be done in an automated way, he resorted to us. Except that now, he is short of activity, he has taken his workers, sat them around the tables and made them do the manual assembling. There has been a big one-million order that we couldn't have. That's the law of the market ».*

The NPO “La Clairière” historically works in the strict sanitary sector. The director explains that “*the organization has just taken over the management of an institution of the medico-social sector. This means that our organization aims at developing itself, and not only in the sanitary field, but also in the medico-social one*». The opening of a day hospital in the nearby city of Caen is part of the same development dynamic as well, even if the logics are different. Indeed, the opening of the hospital in Caen was the result of a proactive approach of the management who had, with other actors of the sector, identified a development opportunity in an urban area lacking reception facilities (institutional theorization). The taking over of the management of the medico-social institution is part of an opportunist approach since it was set up after the request by the DASS (local social services) and the local authorities which wanted to make their structure durable and to give it the rigorous management that the

directors of the hospital “La Clairière” had shown. The management thinks in terms of “customers” and seeks to establish on the “market” of obese children.

### 3.3. NPO’s Institutional frontiers reconfiguration (institutional level)

These developments are made possible by the important notoriety of the association in the area and more generally in the hospital environment. The management (director and board directors) tries to develop this notoriety, by favoring two main lines: the training of the employees and of integration in the world of work and in civil society.

Besides, doctors and employees of the paramedical sector are encouraged to participate to activities, organizations and training courses outside the institution. The head-doctor of the institution even defines his activity by underlining his role as a marketing man. Numerous employees from the technical capacity (physical therapy, occupational therapy, etc...) also have activities outside the institution which ensures its notoriety. We can therefore speak of institutional coalition building up, the second stage for the emergence of an organizational field.

*« As I had training courses, I was very much in demand by physical therapy initial training institutes, there’s one in the city of Alençon and one in Rennes... I said yes on one condition, I take my troops. I encourage them to give lessons, because it’s the best way to revise one’s competences... to pass on knowledge and as regards exterior politics... So there are more than half of physical therapists who give lessons. At the same time, I have a colleague in the city of Rennes in neuropediatrics, who asked me to do training in hospital with him and I let myself be tempted. I did this during my week-ends. In exterior medical politics, I have tried to show that they (the physical therapists) had strongly contributed to the fame of the institution. Because we have part-time jobs, some have other activities than physical therapy... (...) It has enabled them to gain confidence with student. We have become referents. We are*

*acknowledged in the region since the city of Rennes called us, while there are a lot of very competent professionals there, because they wanted us to intervene on a very specific training course in pediatrics. So I have tried to show that we were able to think about our practices. »*

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