

## THIRD SECTOR ORGANISATIONS IN THE CHANGING WELFARE SYSTEMS OF CENTRAL AND EASTERN EUROPEAN COUNTRIES SOME THEORETICAL AND METHODOLOGICAL CONSIDERATIONS

**Abstract.** *Two theoretical/methodological shifts are necessary in the research approach to third sector organisations if we want to not only identify but also explain the changes/trends seen in the development of third sector organisations in Central and Eastern European societies. The first one is a shift away from the concept of the welfare state/welfare state regime to the concept of the welfare system/type of welfare system. Realisation of this concept enables us to move beyond the isolated investigation of third sector organisations; it directs us to research third sector organisations as an important structural element of the welfare system in relation to other structural elements. The second methodological shift is a shift from convergence research to research of the diversity of the changing welfare systems of Central and Eastern European societies. This diversity is conditioned by the different socio-political strategies used by national actors as reform strategies for entire welfare systems or parts of them. These strategies determine the changes in the structure of welfare systems and thereby the position, character and role of third sector organisations as an important structural element of them.*

**Key words:** *third sector organisations, welfare system, state-socialist welfare system, socio-political strategies*

### From the welfare state and welfare state regime concepts to the concept of the welfare system

When investigating the role of third sector organisations in changing welfare systems in Central and Eastern European societies, it is essential to use the concept of the welfare system as an analytical tool. Drawing on Kaufman (2003) and Seeleib-Kaiser (2007), Schubert, Hegelich and Bazant (2008)

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define the welfare system concept as an extension of the established welfare state and welfare state regime concepts. The concept of the welfare system embraces all kinds of arrangements which involve social risks and working towards new solutions. This means that it embraces all the fields (including the field of tax policy) and all the actors that shape and implement 'welfare policies', including non-state actors such as non-governmental organisations, families and private firms (ibid., p. 34).

By the end of the 1980s, as researchers of the socio-political reality in fading socialist societies we already realised that the established concepts of the welfare state and welfare state regime represented a 'methodological barrier'. We found that, in addition to the state which played a dominant yet insufficient role in ensuring social security and social services for its citizens, a significant role was also played by firms and the family, with the latter bearing a heavy burden. The actors and institutional structures through which policies were framed and implemented differed from those in Western societies. Using both concepts as analytical instruments, we sought to find out how the structure of the concept would be affected by the introduction of a new element as identified in real life. We asked whether the relationship between the structural elements would change and something new would emerge, and whether the arrival of a new regime would undermine the whole existing typology?

These considerations informed our formulation of the welfare system concept. Like the authors mentioned above, we defined it as a broader concept than the concepts of the welfare state and welfare state regime. The welfare system is an open and universal concept that embraces not only the institutions, programmes and measures with which the state provides social security and social services to its citizens, but also those evolving and functioning according to the logic of the market, as well as those operating within the domain of civil society and the community. It embraces the producers as well as the users of services and financial transfers, their norms and values, and the relations among them that emerge from the management, financing, production and distribution of transfers and services with which individuals ensure their social protection and well-being (Svetlik and Kolarič, 1987: 23). The concept is based on the assumption of relative autonomy and interdependence between the sphere of the state, the sphere of the market and the sphere of civil society and community (e.g. the nonprofit-voluntary or third sector and the informal sector - family, kinship, neighbours, groups of friends) as structural elements of the system. The derived thesis is that during the historical development of individual societies, which depend on specific economic, cultural and political conditions, different hierarchies of spheres (market, state, civil society and community) emerged from which individuals obtain resources to ensure their social pro-

tection and well-being. The different historically formed hierarchies of spheres represent different welfare systems (Kolarič et al., 2002: 55).

Application of the welfare system concept as an analytical instrument resulted in the formulation of a thesis according to which in the specific conditions of the development of former-socialist societies a particular welfare system emerged – the state-socialist welfare system. This system was characterised by the dominant role of the state. The state was the owner, financier and controller of all institutions and organisations that produced services and made financial transfers for the provision of its citizens' welfare. The means and services ensured by the state, together with those that were obligatorily provided by enterprises for their employees, were of course insufficient to meet all the needs of individuals. Therefore, informal social networks, mainly the family and kinship, carried a large burden in the provision of social protection and services of their members. Citizens did not have many opportunities to ensure means and services from the other two spheres, namely from the sphere of civil society and from the market. The role of civil society/third sector organisations was weak because of certain formal obstacles to citizens' self-organisation and, most of all, due to limitations on the 'social/charitable' role of the Church. There was no market in the sphere of service provision or the sphere of insurance. Further, the intention to dismantle the market in general, including the labour market, was embedded in the whole system. In this way the system was based on a silent partnership between the working class and the ruling Communist Party nomenclature (Svetlik, 1992), which assured the working class lifetime employment and the resulting social protection in exchange for the necessary political legitimacy (Kolarič, Kopač and Rakar, 2008: 569–595).

The empirical examination of the welfare system's described structure directed us towards 'methodological nationalism', that is, to a search for similarities between the systems within ex-socialist societies and the differences with regard to Western European welfare systems. The similarities within and differences outside became particularly evident in empirical research into the levels of development, potential and characteristics of voluntary organisations and associations (organised civil societies or third sector organisations). These differed from those organisations in Western societies and were very similar in Central and Eastern European societies in at least these four aspects: a) they were mostly 'member serving' (expressive) and not 'public serving' organisations (service providers); b) compared to organisations in Western societies they had a similarly low level of professionalisation and volunteers were integrated only to a small extent; c) they acted in the same dominant fields (sport and recreation as well as culture); and d) they had a very similar income structure (Kolarič and Rakar, 2007).

This list of similarities in the 1990s – at a time when ex-socialist societies

had already entered the transition process – undermines the view that it is irrelevant to analyse the institutional particularities of socialist welfare systems. Contrary to this view, we believe that also here it is necessary to consider the ‘path-dependency effect’, namely, to relate changes to the old institutional structures.

### **From convergence research to a diversity of welfare systems**

The transition of ex-socialist societies to democratic capitalist societies involved at least three processes: 1) privatisation and liberalisation; 2) market deregulation including the labour market; and 3) withdrawal of the state from the financing of social security and provision of social services. A positive effect of the third process was a ‘renaissance’ of civil society, voluntary and non-governmental organisations, that is, third sector organisations as service providers that importantly complement the services provided by the state and develop new, innovative and flexible forms of the production and distribution of services (Ferge, 2001: 132–138).

In addition to this general outline of ‘transitional development’, it is worthwhile noting that in individual societies these processes developed at different speeds and intensities, with various internal and external actors with their own interests and ideologies, which all led to diverse results. In addition, these societies vary in terms of their integration at the EU level. Some are still not included in the process of moving closer to joining the EU, while others are already members of European integrations. With all these differences in mind, we must reject the question that has so far dominated the research of reforms in the sphere of social policy in ex-socialist societies, namely, the question of towards which Western ‘welfare state regime’ the reformed/restructured welfare regimes will converge. This question is central in numerous studies that have very constructively combined the analysis of broader transitional events/developments with changes/reforms in ensuring social security and social services for citizens (Gotting, 1998; Deacon, 2000; Kvist, 2004; Sykes, 2005).

Deriving from those studies that include individual groups of societies (Brusis, 1999; Aidukante, 2004; Schubert, Hegelich and Bazant, 2008) and whose findings explicitly point to big differences in the ways of resolving socio-political issues, and considering the fact that the processes of socio-political reforms have not yet finished, we can/must base the research on the thesis of a diversity of reformed/restructured welfare systems.

## Third sector organisations in changing welfare systems – starting points for research questions

The thesis of a diversity of changing welfare systems in Central and Eastern European societies leads to our second thesis, namely, the thesis of a diversity of trends and the related importance and role of third sector organisations in these societies.

Evidence of this diversity stems from third sector research in these societies and is also suggested by analyses of quantitative data (Salamon et al., 1999; 2003; 2004; Kolarič and Rakar, 2007). Most investigations are pre-comparative, meaning they were carried out within individual societies and that their analysis included those elements/characteristics of third sector organisations relevant to the aim of the particular investigation; with the aim mostly being defined as an improvement in the functioning and management of these organisations (see e.g. Zimmer and Priller, 2004). The aim of our investigation is not to go beyond the 'pre-comparative' stage of investigating the third sector but, by implementing the welfare system concept as an analytical instrument, to move beyond the isolated investigation of the third sector in order to explain all major determinants of various trends in the development of this sector in individual societies, and differences in the positions, characters and roles third sector organisations adopt in individual societies.

In order to achieve this aim we employ socio-political strategies/practices that are common in Europe and used by national actors to plan and implement reforms of whole welfare systems or parts of them. These strategies/practices are parts of/are derived from different welfare or social policy discourses which Evers (2008a: 12) defines as the classical welfare discourse, the discourse of empowerment and participation (emanating from social and cultural movements of the late 1960s), the consumerist discourse (linked with liberal and market thinking), and social investment discourses (the social investment state). As concepts, these discourses have their backgrounds in different theoretical traditions of citizenship and social justice<sup>1</sup> and as strategies/practices they include the priorities of certain actors and their coalitions with which they legitimise their struggle for power (Evers, 2008b: 2).

The implementation of these discourses as reform strategies or their individual elements determines changes in the structure of welfare systems and

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<sup>1</sup> The classical welfarism discourse is based on Marshall's theory of citizenship, the consumerism discourse is related to the liberal/libertarian theoretical tradition, the social investment discourse to communitarian theoretical traditions, while the participation and empowerment discourse is related to egalitarian theoretical traditions of citizenship and social justice. These theories represent the explanatory frameworks which enable researchers to explain not only what makes up the changes of the reform processes of welfare systems along with why these changes occur and not others.

thereby the position, character and role of the third sector as their important structural element. We should not ignore the fact that within individual nations in different socio-political fields (e.g. ensuring social security, providing educational services, ensuring health services etc.), different strategies or only elements of the strategies have been applied, creating the impression that they are ad-hoc solutions that are becoming institutionalised. Therefore, it is important for researchers to identify elements of the prevailing strategies which are in play as reform strategies due to the different consequences of the different strategies for the individual structural elements of welfare systems.

Each individual strategy has the following elements:

1. the preferred aim that is to be achieved by implementing the strategy;
2. the preferred hierarchy of the sectors-producers (including third sector organisations) which are to contribute to satisfying the aim;
3. the preferred way/instruments for realising the aim which also determines/determine the character of third sector organisations; and
4. the preferred style of governance of the whole welfare system which also determines the role of third sector organisations and their relationship with users/citizens.

In the following short presentation of each of the four strategies we refer to Evers' work (2008) as well as the ideas of Marshall (1965); Friedman (1963); Rawls (1971); Giddens (1998); Esping-Andersen (2002). We are aware that the sketches that follow are simplifications of discourses but we need them to formulate questions about the position, character and role of third sector organisations in changing welfare systems and not to give answers. Further, our orientation to the strategies/practices used by different actors as reform strategies allows us to complement the names of the strategies with terms that describe the practice more precisely than the names of the discourses do.

### *Classical welfarism strategy*

- a) The aim of this strategy is and has always been to reduce social inequalities. This includes the social right of citizens to basic social security and social services that are accessible to all and on the same conditions.
- b) The responsibility for achieving this aim lies primarily in the hands of the state and its institutions – the public sector. The manoeuvring space for development of the third sector is not large but it nevertheless enters into a complementary relationship with the state wherever its services fill the welfare gaps that emerge from the structure of the welfare system. This means that it primarily meets those needs for social security and social

services which are not met to a sufficient extent or in a sufficient quality by the state or its institutions. Organisations that are service providers only make up a small proportion of the structure of the whole third sector. The predominant proportion of this sector is still represented by expressive organisations which act to the benefit of all their members and are oriented to supporting the family.

- c) The preferred way of meeting the aim is through professionalised and standardised service production which, in the development of new knowledge and technologies, in itself carries a certain degree of authoritarianism and paternalism. Through state financing and control, professionalism and the meeting of standards also become obligatory for those third sector organisations which are service providers. In their functioning, these are becoming etatised, that is, similar to public sector organisations.
- d) The whole welfare system is governed hierarchically by national and local public authorities which are the founders, financers and evaluators of public organisations as well as financers and evaluators of third sector organisations. The role of these organisations is to ensure the professionalised and standardised production of services for the state; the user/citizen with their social rights is a client in relation to public sector organisations as well as in relation to third sector organisations.

### *Commercialisation and consumerism strategy*

- a) The ideal of this strategy is a freedom of choice of services that meet the preferences of the consumer and where the consumer is the one who chooses.
- b) Here, publicly provided social security and social services accessible to all on the same conditions are confronted with social security and social services which individuals provide themselves with in private markets, especially quasi-markets. Here a broad manoeuvring space opens up for the development and operation of third sector organisations as service providers, which are commercialised yet also directly (e.g. via contracts) or indirectly (e.g. via vouchers) financed by the state. Their importance lies in their substituting the state in filling those welfare gaps that emerge from the processes of reforms/changes or current political decision-making. It should be noted here that with their functioning and their supply these organisations create new welfare gaps, namely, cause new types of marginalisation and exclusion.
- c) The preferred way of producing services is a professionally and promptly provided service suitable to the user. Here it has to be considered that the power of professionals in this context is slightly smaller since the

‘expertise’ of one professional can always be contrasted with the ‘expertise’ of another professional. However, competition in quasi-markets requires not only the professionalisation but also the specialisation of third sector organisations which are thus becoming increasingly commercialised and increasingly resemble organisations in private markets.

- d) The governance actors in this context are still public authorities but they work in association with the managers of third sector organisations. They jointly determine the role of these organisations which represent the possibility of a choice (or exit). In relation to them, the citizen is the consumer. Playing the role of the consumer implies knowledge and competence. Naturally, these are lacked by citizens with few resources and little social capital.

### *Activation and social investment strategy*

- a) The aim of this strategy is to develop human capital in order to enable individuals and groups to act as useful members of society or the economy.
- b) The responsibility for pursuing this aim primarily rests on public authorities and public agencies because public resources need to be invested most efficiently. Nevertheless, the objects of investment also include third sector organisations, families, local communities as well as private firms. It involves the activation of all potential and resources, the mobilisation of all actors for an ‘active society’ which will be able to survive in the competitive world. Third sector organisations are an actor that is expected to mobilise citizens and their networks for the active co-design and co-production of services with effective resource management.
- c) The preferred way of achieving this aim is professionally managed investment which has to lead to pre-planned results. This is guaranteed by contractual plans that include the rights and responsibilities of all the partners – public authorities, providers and users. In public organisations and third sector organisations, professionals are primarily case managers who document, evaluate and control whether an investment has been successful and the results have been achieved. This gives these organisations an obligatory-participatory character.
- d) A welfare system that is based on the activation of all potential and actors also includes their co-governance. This determines the activator role of third sector organisations. In relation to them, the citizen is an active and responsible actor who is aware of certain risks and accepts the interdependence of their rights and responsibilities under the contract. Naturally, the citizen thereby waives their basic civic autonomy and becomes an ‘active conformist’.



*Empowerment and participation strategy*

- a) The aim of this strategy is to empower individuals and, especially, groups and communities so they can actively co-design and co-produce services that effectively meet their needs and desires.
- b) The responsibility for achieving this aim lies primarily in the hands of third sector organisations; these are the incarnation of civil society (as the good society) and are situated vis-à-vis the 'bad state' and standardised services of its public sector. They are important in their production and expressive function because they represent an alternative to state- and market-services production; they act, in relation to both, with a tendency to include empowered individuals, groups and communities which will be the creators of urgent changes.
- c) The way of satisfying the goal is via dialogue and work with groups, communities and networks where professionals and users act as partners in the creation and production of services. This gives these organisations the character of voluntary participatory organisations.
- d) The welfare system is governed in a way that allows third sector organisations to participate in public policy-making; they present the voices of individuals, groups and communities. The user in this context becomes the empowered citizen who wants to co-design and co-produce the services they need regardless of the sector in which the production takes place.

The consequences of each of the four strategies (as prevailing reform strategies) for the position, character and role of third sector organisations are summarised in Table 1.

Table 1: Consequences for the position, character and role of third sector organisations ('TSOs')

<i>Reform strategy</i>	<i>Classical welfarism strategy</i>	<i>Commercialism and consumerism strategy</i>	<i>Activation and social investment strategy</i>	<i>Participation and empowerment strategy</i>
<i>The position of TSOs in the hierarchy of service providers</i>	TSOs complement the supply of public sector services (primarily fill in structural gaps)	TSOs substitute the state and its organisations (primarily fill in newly emerging welfare gaps that surface under current reforms)	TSOs are merely one of the objects (among others) of social investment	TSOs represent an alternative to public and market-oriented organisations
<i>The character of TSOs</i>	professionalised and etatised (similar to public sector organisations)	specialised and commercialised (similar to market organisations)	obligatorily participatory (they admit individuals and groups who then take up responsibilities)	voluntarily participatory (include individuals in the design and production of services on a voluntary basis)
<i>The role of TSOs</i>	as service providers for the state with the user being a client who receives services from public sector organisations as well as TSOs	as service providers in quasi-markets (they present an exit with the user being a consumer)	as an activator of individual and group potential with the user being a responsible actor who consents to the interdependence of higher level of rights with duties	as the 'voice', with the user being an empowered individual who wants to co-design and co-produce services regardless of the sector that provides them

## Conclusion

The research approach to third sector organisations that focuses on the different strategies as reform strategies of whole welfare systems or parts of them enables us to formulate several research questions. These include:

1. Which strategies or their individual elements form the basis of socio-political reforms/changes in individual fields (such as e.g. education, healthcare, childcare, care for the elderly, care for marginal groups)?
2. Which social actors are the initiators and creators of the reforms/changes? How have the actors changed over the last 15 years?
3. In the last 15 years to what extent has the proportion changed between third sector organisations which are primarily service providers and those which operate for the common good of their members (i.e. expressive organisations)?
4. What is the position of third sector organisations in the hierarchy of sectors that provide individual types of services?
  - Do they complement the supply of public sector services (filling in primarily structural welfare gaps)?
  - Do they substitute the state and its organisations (filling in newly emerging welfare gaps)?
  - Do they represent an alternative to public and market-oriented organisations (service providers)?
  - Do they merely represent one of the objects of social investment and activators of individuals and social groups?
5. What is the character of third sector organisations (is it determined by the operating principle of organisations and by the instruments that are applied):
  - Are they etatised (similar to public sector organisations)?
  - Are they commercialised (similar to market sector organisations)?
  - Are they voluntarily participatory (meaning they include individuals, groups and communities in the establishment and production of services)?
  - Are they obligatorily participatory (do they admit individuals, groups and communities which then take up obligations)?
6. What is the role of third sector organisations in the overall welfare system and regarding the relationship with users/citizens?
  - Are they service producers for the state, with the user/citizen being a client?
  - Are they service providers in quasi-markets (do they present an exit), with the user being a consumer?

- Do they present a voice, with the user being an empowered individual who wants to co-design and co-produce the services they need regardless of the sector that provides them?
- Are they an activator of the potential of individuals, groups and communities where the user is an active and responsible actor who consents to the interdependence of his or her rights and duties?

The search for answers to the above questions (using qualitative and quantitative research methods) approximates our aim that we have defined as searching for and explaining the interdependence among changes in whole welfare systems and changes in the importance, character and role of third sector organisations in Central and Eastern European societies.

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