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The Voluntary Sector in Norway

Composition, Changes, and Causes

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Abstract

In this report, we have two main intentions. The first is to unfold the history and content of the nonprofit sector in Norway. Our historical roots look different than those reflected in the Anglo-American literature of voluntary and nonprofit associations. As a country of poor peasants and fishermen, and with the absence of nobility and a minor layer of rich merchants and capitalists, civic engagement historically originated within the broad movements of the 19th century. They were gradually differentiated into voluntary associations, and they had a strong position in the population for more than a hundred years. With the emergence of the modern welfare state and a prosperous leisure society after 1960, their moral engagement and appeal in the population gradually weakened. In this period, a shift took place: the traditional movement associations decreased, while leisure organizations and service and advocacy organizations increased.

What are the characteristics of the voluntary sector in Norway? Memberships total approximately 8.4 million, which equals almost two per inhabitant. About half of the population donates its time voluntary purposes every year. Sports, cultural activities, and social services are the largest subfields, measured in members and voluntary efforts. Norway has the equivalent of 26 full-time employees volunteering per thousand inhabitants, compared to an average of 20 for seven countries within the European Union. However, the number of paid staff is smaller than the EU average.

These and several other characteristics reflect a nonprofit sector rooted in historical traditions, closely related to social and political movements, with democratic membership and extensive voluntary efforts. These findings take us to our second intention: How can the emergence and characteristics of the sector be explained in the light of theoretical models? Starting with the arguments of heterogeneity, trust, and interdependence that can be found within the nonprofit literature, we find that, as explanations, these models leave important Norwegian development trends unanswered. Consequently, we move on to the historical-institutional “social origins” model.

Several implications of this model suit the case of Norway rather well. However, we find that fees and charges represent a larger share of revenues than expected. Large parts of the Norwegian voluntary sector are more financially independent of public transfers than one would assume. The main reason is that voluntary efforts in arranging lotteries,

jumble sales, and the like are transformed into income for the association. In addition, it is also difficult to explain the extensive number of members and volunteers in Norway from a social origins perspective.

Thus, we suggest an alternative, a modification of the social origins explanation. Here, we relate the case of Norway to the social movement tradition with strong cultural norms of voluntary effort for the public good. Until now, these traditions seem to have survived, and the willingness to do voluntary work is still high. But this could change in the future, as individualization and general modernization may undermine the normative foundations for voluntary work.

Introduction

In this report, we present findings and conclusions from *the Johns Hopkins Comparative Nonprofit Sector Project* (CNP). As part of the international study, carried out in almost 40 countries all over the world, we have assembled and analyzed data about the nonprofit sector in Norway. Our intentions have been threefold. We intend to reveal the social and economic contributions of this sector, thus focusing on a third sector that is separate from public sector governance and different from the business sector since it does not distribute profit. Second, our intention is to present the characteristics of the sector in Norway: its historical roots in the movements of the 19th century, the strong elements of unpaid, voluntary work, and the democratic traditions. Our third intention is to compare the development trends in Norway with those of other countries. Are the original traits of the Norwegian voluntary sector vanishing under ongoing processes of modernization? Will cultural traditions and voluntary efforts be upheld in the future?

The term “nonprofit sector” is the focal point of the CNP. In Norway, however, this term is seldom used or understood outside a narrow group of researchers and experts. The dominant term in this field is “voluntary organizations” (*frivillige organisasjoner*), primarily associated with membership, participation, volunteering, and democratic structures. In the following, we use “voluntary sector” as a replacement term in line with Norwegian terminology and traditions. Up to now, however, actors in this field have rarely seen themselves as part of a sector. The reasons for this will be explored in the section below about “roots and concepts.”

The rest of the report is outlined as follows. First, we present an overall empirical picture of the sector for the year 1997, its size

measured in the number of associations, their revenues, expenditures, paid staff, and voluntary, unpaid activities, compared to the EU countries that are taking part in the CNP. Second, we relate these findings to law, policy and history, and to theories on voluntary and nonprofit activity. We suggest that the Norwegian voluntary sector is best understood using insights from historical-institutional analysis rooted in political sociology to complement economic approaches. Third, we present some development trends, showing which categories have increased or decreased in size. Since local associations constitute the bedrock of civil activities in Norway, we devote particular attention to this part of the sector. We examine structural changes, new ideological and political currents and changes in the roles of voluntary associations. These trends may, in the long term, reduce the particularities of Norwegian associations, making them more like those of other industrialized Western countries.

Roots and Concepts

This section will give an overview of the history, size, and structure of the voluntary sector, and the concepts that are used to describe voluntary associations and their activities in Norway. The purpose is to understand the development and context of the voluntary sector in Norway. The description of the major contours in the next main part will build on this understanding.

Geographically, Norway is a long and narrow country with a mountainous coastline. In 1997, approximately one third of the population lived in the southern region around the capital of Oslo and a total of 4.4 million people lived within 19 counties divided into 435 municipalities. Less than 3 percent of the land surface is cultivated. The economy relies heavily on petroleum, gas, fishing, and aluminum and other industries based on hydroelectricity.

In a European context, Norway is a young nation-state. For approximately 400 years Norway was subject to Denmark's rule. In 1814, a personal union with Sweden was declared, under which Norway enjoyed extensive autonomy and a constitution of its own. In 1905, Norway was declared fully independent as a constitutional and hereditary monarchy. Norway is a member of NATO, but not of the European Union. Legislative power is held by the parliament (the *Storting*) with 165 members, elected for four-year terms.

The emergence of national political parties in Norway took place in the late 19th century, when Norway was still in a union with Sweden. The formation of parties was part of the nation-building process. It involved, on the one hand, ideologies defending traditional language and culture in the rural districts in opposition to the central cities and the educated elites. These counter-cultural movements also sought to

reduce public spending of their tax money to a minimum. In addition, this political mobilization involved a radical democratic movement in the cities that created and defended what they considered to be “traditional” Norwegian values but primarily opposed the dominance of the central administration that represented the Swedish Union government. These forces joined in the Left party (*Venstre*), which won the first “political” parliamentary elections in 1879 and 1882.

Many civil associations in Norway formed as national voluntary organizations. They also have their roots in the first half of the 19th century and reflect the processes of nation building and political mobilization. Although some community associations can trace their origins back to the 16th century, the first real growth period of modern voluntary or civil associations was in the 1840s. In general, activities on the organizational front prior to that can be described as “bleak and paltry” (Seip 1981: 49). *Det Kongelige Selskabet for Norges Vel* (The Royal Norwegian Society for Rural Development), a national association, was established in 1809. The early savings banks with social and philanthropic ambitions were established in the 1820s. They were directed towards the needs of elderly and sick people, but they also were intended to promote saving and moderation and to reduce alcohol abuse (Raaum 1988). During most of the century, ideology, economy and social work were closely associated in these associations.

The first wave of national civil associations were broad mobilizations of people around religious, social, and cultural issues. Two temperance movements (“teetotalists”), with the first local affiliates founded by the 1820s, were gradually transformed into national organizations with more than 350 local affiliates in 1855 and almost 40,000 members (Raaum 1988). The first labor associations were established in 1850, with the Association for Enlightenment of the People in 1851 as an ideological counterweight. Organizations for the disabled also originated at that time. The first school for the deaf and mute was established in 1848, and the first association for the blind in 1858 (Onarheim 1990). In 1865, the first consumer co-operatives were founded in Oslo, and by 1872, 276 such co-operatives were active. The first sports associations started in the early 1850s. In

the period between 1850 and 1900, local choirs, orchestras, skiing, and gymnastics associations were established, rooted mostly in urban communities (Try 1985). Although rifle clubs frequently had their origins in military objectives, they also initiated sport activities. Sport associations as well as rifle clubs laid the groundwork for military competence, necessary in the event of armed conflict with Sweden.

During the latter part of the 19th century, concepts such as association and spirit of association (*associationsaand*) were commonly used. The terms referred to broad new social movement organizations that occurred during this period, related to cultural, political, economical and religious issues (Seip 1981). However, most of these also acted within the political field, and this role partly explains their long-term proximity to and extensive cooperation with the government. It is therefore not a coincidence that most voluntary organizations chose the same structure as the political parties that emerged in the same period.

Central preconditions for the growth of these national movements in Norway, as in other countries, can be related to the changes in infrastructure, particularly in transport and postal services. Together with the first phase of industrialization, changes in communication created conditions for new ideas as well as national groups. In fact, the whole idea of nongovernmental associations emerged as a part of this transformation (Rokkan 1967, Try 1985). Together with the teetotalist movement and the *nynorsk* language movement, the mission associations are often described as carriers of countercultures, active from the second half of the 19th century (Rokkan 1987). As a peripheral reaction against the cultural dominance of the central power in Oslo, they played a crucial role in the development of Norwegian national identity, as well as in the democratization and nation-building process. The western and southern part of Norway was the stronghold of several of these countercultures.

In this early period, it is difficult to identify associations as something clearly separate from “state.” Often local governmental representatives, priests, teachers, or police were more or less automatically acting as leaders. This meant that many emerging associations expressed the continuation of what had been, rather than

the new era. Furthermore, logistically speaking, different principles were in use; on the one hand, organizations built at the national level were trying to build local branches (top down), and, on the other hand, locally based organizations that were gradually expanding and building regional and national headquarters (bottom up). Both represented attempts to link the local and national levels. However, before the turn of the century, the bottom-up model dominated while at the same time organizations increasingly became independent of traditional elite groups. Combined with the political role of most of these organizations, Norwegian associations came to recruit members from an unusually wide range of social spheres (Rokkan 1967).

The common denominator of this first generation of national movements was the broad mobilization of members, with engagement based on morals and the desire to contribute to necessary changes as the prime motivations for membership. Usually, the movements were loosely organized with most of their activities anchored in the community and administered and performed by volunteers. Their collective spirit was strong, and the feeling of common identity and belonging among members and participants constituted the driving force for most efforts. Edifying speeches and frequent gatherings were central elements in the formation of a collective identity. Practical efforts such as work for the poor, health information and distribution of food and clothes were rooted in personal engagement. The distinction between “active” and “passive” membership was practically unknown – members were obliged to participate.

At the beginning of the last century, Norway stood forth as an organized society with many features that still exist. Associations were often established by people who had not known each other previously. They were, in principle, independent of public authorities (even if often closely related), and were built on individual voluntary membership. Associations had their own written statutes by which members were obliged, and had more or less clearly formulated but limited objectives (Try 1985, Selle & Øymyr 1995). Most associations were membership based with a democratic structure, within which local and regional affiliates influenced the policies of national boards. Historically, most associations were linked to broader social

movements with manifest ideological or political purposes that gave room for horizontal as well as vertical integration. As a consequence, Norway has not yet developed a dual organizational society, i.e. a local and a national one. This means that these organizations not only have had the role of “bonding” participants in local associations, but they also have “bridged” the local and central level in society, to use Putnam’s concepts (2000). Both national and local influence gave them a central role in the evolution of democracy and in the nation-building process, in particular up to World War II (Rokkan 1967).

At this point, the history of Norwegian associations departs from those of the Anglo-American world. While voluntary associations in Britain and the United States gradually developed a collective identity as a moral force outside, and partly in opposition to the state, associations in Norway did not share a common self-understanding as constituting a sector of its own. Neither did they see their welfare provisions as of a different kind from those of public authorities. Philanthropy in Britain gained strength and power from nobility, merchants and the growing urban middle classes (Owen 1964). The Nordic countries did not have any strong middle class with sufficient self-consciousness to bring forward that idea (Seip 1984).

The integration of public and civil resources in welfare services commenced long before the modern welfare state was established. Local authorities provided limited financial support to the associations and did usually not impose specific conditions on the transfers. In many ways, the years between the turn of the century and World War II were a golden age of civil associations. Moral, cultural and political ideals were realized through a large number of activities; these were welcomed by public authorities, but there was limited public support and control. The cooperation that gradually was established between public and private welfare providers can be described as partnerships, particularly in more urban areas. Both parties profited from the other; associations contributed with volunteers, engagement, competence, and sometimes even housing and comprehensive local networks. The voluntary organizations often acted as pioneers in this field making problems visible and initiating institutional arrangements that in many cases later were taken over by the public sector (Hestetun & Onarheim

1990). The state and municipalities provided limited financial support. Government policy in this period may be termed state-supported private operation (Onarheim 1990: 88). The state wished to support existing private services without adversely affecting private philanthropy.

In the social democratic welfare model that developed in the post war period, associations were not given any explicit role as welfare providers. They were, in a way, lost from sight during this phase, which was characterized by strong expansion of public welfare. While Lord Beveridge (1949) created ideological space for volunteerism in British welfare, no such room was given for voluntary efforts in the Norwegian (or any other Scandinavian) welfare model. The main reason can be related to the ideology of solidarity, which came to dominate the welfare ideology of the Labor movement. As the Labor movement gradually gained strength during the 20th century, philanthropic ideas were seen as degrading, and when the Labor movement dominated the state apparatus in the post war period, the opposition to philanthropic ideas was integrated into modern social policies. Thus, “philanthropy” and “charity” referred to social activities that had not yet been made redundant by public health and social services. Gradually most political parties became supportive of such a view. The liberal Left Party was important in emphasizing citizenship-based rights, which would become a central feature of the universalist Norwegian social insurance model, and public funding was seen as instrumental to this goal.

Within the welfare system, voluntary associations were involved in running many institutions. It was not until 1938 that the first municipal homes for the elderly were built. As late as 1947, about two-thirds of all places available for the elderly were located in institutions run by organizations, while one-third were in municipal institutions (Raaum 1988: 294). However, many voluntary associations increasingly took on the role of *interest mediators*. Most of them seem to have accepted this role without any second thoughts about the long-term implications of their new identities. For most associations, the pressure-group role meant access to government financial resources, participation in national committees and better opportunities to bring their own

philosophies into public planning. The term “the segmented state” was coined to describe corporate connections between ministries and associations (Egeberg, Olsen & Sætren 1978). Voluntary welfare agencies were integrated in several segments – systems of stable relations between national authorities and civil interests characterized by closeness and shared understandings of common problems and their solutions.

Segmentation effectively prevented the development of common identities across subsectors. After 1945, one may talk about a “sphere”, or “sector” identification for associations corresponding to public sector policies. Associations within certain fields such as school, health, social services, culture, leisure, environment, and sports developed closer ties to “their” part of governmental administration than to associations in other fields, while religious organizations were concerned with preserving their autonomy. Consequently, few, if any, umbrella activities that cover more than one subfield have emerged. This means that it is hard to trace common development trends for the sector as an entity. Historical changes are better understood when the sector is viewed in different subsectors or segments, each with their own development.

This also means that the state has developed differentiated policies. For example, in 1946 the Government established a favorable public finance support system for sport associations, and gave them a considerable degree of autonomy. Public welfare services gradually expanded into the field where voluntary associations earlier had been major providers, such as care for the elderly, home-based care, and social insurance. Between these extremities, separate policies for culture, children and youth, environment, and international associations developed. In general, the more support the organizations received, the more integrated they became in public policies.

The new interest group identity of many voluntary welfare providers caused basic structural changes in civil society. First, it caused an expansion of national headquarters. The planning of welfare and other social reforms was a national task, and, from the 1970s, ministries became the most important governmental partners for the voluntary associations. In order to strengthen their influence, most

associations increased the number of paid, professional staff at the national level. In some fields, several small associations formed umbrella organizations to handle their common interests.

Second, the identity as interest mediators created a new role for local units and their members. In the pre-war period, local activities were the core elements of associations and co-ordination at the national level was kept at a minimum. In the public welfare system, the number of members gradually became more important than civil activities. The reason was that legitimate influence upon planning and politics was connected to membership: the more members, the stronger the influence.

But voluntary associations continued to promote social and cultural interests locally as well as nationally by influencing political authorities, while at the same time seeking support and legitimacy. "State-friendliness" became a defining trait of a nation in which the state came to play a crucial role both in industrial production as well as in welfare (Kuhnle & Selle 1990).

In many rural societies, these social and cultural movements were extremely visible and were able to maintain a major position in areas such as cultural and leisure activity. In many cases, it is hard to overestimate the influence that temperance and Christian mission movements had on the daily lives of their members. In addition, temperance organizations were instrumental in the formation of Norwegian alcohol policy and social policy, and the laymen's organizations played an important role in the regulation of the relationship between church and state.

The organizations in the welfare field probably had a weaker cultural grip on local communities than the temperance and mission movements did, but they were more influential in practical and political terms. They were able to have a real impact on the political agenda, particularly with respect to welfare policies; they had an influence on public opinion; and they had a watchdog function with respect to the government authorities. What is more, they were found everywhere, while both temperance and mission organizations were more regionally concentrated. The social and humanitarian organizations were consensus-oriented and they were for quite some time considered

to be a natural part of any given local community.

In particular, this applies to the Norwegian National Health Association, which had 160,000 members in 1928 and peaked in the 1960s with 210,000 members, and the Norwegian Women's Public Health Association which reached 246,000 members at the same time, before a persisting decline started. These organizations established several institutions for elderly and for senile dementia patients in the 50s and 60s, and were involved in the formulation of the modern public policy in that field (Berven 2001). Together with other, more specialized welfare organizations, they put cancer, cardiovascular diseases, tobacco, drugs, and alcohol related problems on the agenda, and were involved in education and institution building in cooperation with public authorities (Lorentzen 1995). The decline of the general welfare organizations was followed by expansion in number and membership of more specialized organizations for sick and handicapped, and this expansion and local proliferation still continues. Some of the traditional organizations for sick and handicapped have been involved in policy-making and institution building, such as organizations for blind, rheumatics, and asthmatics. However, the new organizations have, to a larger extent, been interest groups and service organizations for their members.

In general, the 1960s represented a watershed in the Norwegian voluntary organizational life activity profile. The new types of organizations were engaged in completely different kinds of activity than their predecessors had been. This change reflects the fact that the population in general was better off financially and had more free time, but it also suggests that people's ties to their communities were different. The majority of the new organizations were established in the area of culture and leisure, broadly defined, e.g., choirs and musical groups, hobby activities and sports clubs. In comparison with earlier organizations, their activities were directed more towards their own members than towards society around them. This is also a development that has been found within organizations that had previously been clearly outwardly directed (Selle 1999). Cultural and leisure organizations, which had been organized within the broader popular movements, were increasingly replaced by independent, often purely

local initiatives.¹ While interest organizations that concentrated on limited groups held their ground and expanded into new territory, particularly the health and social services sector, the broader organizations whose objectives included matters other than their own members' interests were gradually weakened. Thus, new organizational formations in the organizational community reflected and reinforced an ideological development towards stronger individualism (Selle & Øymyr 1995).

In comparison, the popular movements in the areas of temperance, social and humanitarian work, and religious and missionary societies all suffered considerable decline: there were recruitment problems and few new organizations were established. Religious organizations for children and youth increasingly faced competition from activities arranged by the publicly controlled Norwegian church resulting in decreasing attendance.

The more differentiated role of women brought with it the desire and opportunity for activities in new areas, and working methods were more in line with the changes in the self-image of modern women. The increased organizational activities of both women and men, and particularly the altered participatory profile of women, led to a shift in the pivot point of the organizational community. The center of activity shifted from traditional social humanitarian and religious organizations to athletics, leisure and hobby activities. The growth in organizations for children and young people with a clearly activity-oriented focus reinforced the trend.

Alongside changes in organizational objectives came changes in *organizational structure*. For a long period of time, Norway's organizational community maintained one dominant organizational structure consisting of a local level, most often anchored in a town or village (a school district or township), a national level and often a county or regional level in-between. Virtually all organizations were based on individual membership and internal democracy. The

1. Many of the new local leisure organizations nevertheless chose an organizational form that linked them to national organizations, even if they were independent of the traditional popular movements.

democratic structure was a function of the fact that these organizations had national and political objectives even though most of their activity was centered around local communities.

This hierarchical structure (geographically speaking) was important as a system of communication, and as a means of creating continuity in organizational life. In periods of crisis, representatives from regional or national bodies could intervene. The structure also promoted loyalty and a sense that the members belonged to a larger cause. At the same time, ties to a central national level provided the opportunity to bring local matters to national attention, and it brought information about social and political issues back from the central level to the local associations. The hierarchical organizational form was thus important as an instrument of integration and socialization. It was also a democratic channel from the local level outwards.

In the course of the 1980s, this picture changed in several ways. First, many national organizations began to place less priority on communication with local branches. Several of the new organizations formed in the period were purely national and had no democratic structure, local foundation or members in the traditional sense.² Similarly, purely local organizations also grew increasingly common in local communities, as many of these had neither national nor political objectives. Second, a general process of centralization in local government organization also had a strong effect on local organizational life. Small communities lost many of their previous functions and institutions (e.g., school, post office, local store). At the same time, communications improved and cooperation and contact between villages became easier. Even though these villages were not depopulated, these developments both necessitated change and

2. The clearest evidence of this development is found in the environmental movement. All new organizations formed in this area in the 1980s (Bellona, Greenpeace and The Norwegian Environmental Protection Association, '*Norges Miljøvernforbund*') were organizations without local branches, ordinary membership and internal democracy in the most common sense (Strømsnes and Selle 1996). However, developments in this sector are representative of a more general process.

enabled local organizations to adapt. Thus, organizational identity became less tied to the village community. Third, in the 1980s a new type of organization emerged, focusing on neighborhood concerns. Such organizations were tied to geographical domains that were *smaller* than the village, and often had no link to a national organization. However, in many cases they had strong connections to the municipal authorities (Aarsæter & Røyseland 2000).

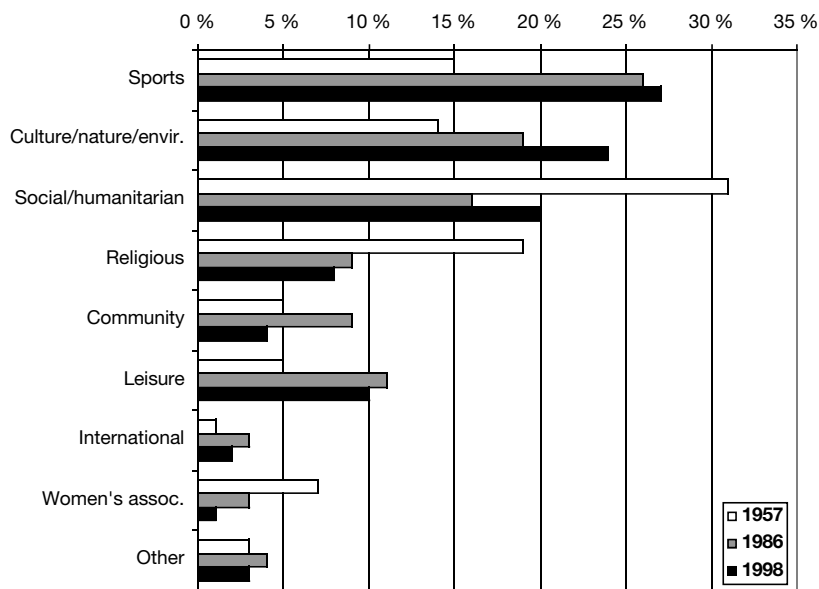
The traditional hierarchical organizational society, with its roots in rural communities and affiliations with national movements, was thus challenged by the *two-part organizational society*. The local level became increasingly anchored in either an area of local development or local neighborhood, the municipality as a whole or sometimes even several municipalities. At the same time, several national organizations loosened their ties to the local level.

The traditional organizational model did not disappear, however, as a majority of the local organizations were still built on a hierarchical and democratic structure in 1990. But the hegemony once held by the model was a thing of the past, and the founders of new organizations enjoyed far greater freedom to choose between alternative organizational models. Thus changes were, on the one hand, *structural*, in that new objectives could better be achieved through other structures. On the other hand, there was also a *cognitive* shift, in that the view of how to organize association life became increasingly differentiated.

The center of gravity in the voluntary sector has shifted in the period 1960 – 2000. As illustrated in Figure 1, membership in religious organizations has declined strongly since 1960. The downward trend started even before World War II. In women's associations, membership has also been reduced since 1960.³ Social and humanitarian organizations peaked in the 1960s due to the strength of the broad social welfare organizations at that time. The recent growth in this category is caused by more specialized organizations for diseased and handicapped. Local community, leisure and international organiza-

3. In 1957, this category mainly consisted of the *Norwegian Housewives' Associations* (later *Norwegian Women- and Family-Associations*) and the *Norwegian Society of Rural Women*.

Figure 1. Voluntary associations: Share of membership 1957, 1986 and 1998 (%) (16–74 years).



Kilde 1986: Undersøkelse om deltakelse i frivillige organisasjoner 1986, NOU 1988:17 (N=3, 586). 1957: Valgundersøkelsen 1957 (N=1,318). Data er stillt til rådighet av Norsk samfunnsvitenskapelig datatjeneste (NSD)

Source: Wollebæk, Selle and Lorentzen 2000

tions reached their maximum in the 1980s. However, in sports associations, membership has increased until now, but the growth seems to have slowed down. The category “culture, nature, and environment” organizations seems to have had the strongest growth rate in the preceding decade. All in all, this means a change from the traditional social movements towards leisure activities.

The changes in membership can in large part be explained by two factors. First, the traditional social movements’ structures represent important resources, despite the fact that the organizations, at different points in time, seem to have reached their maximum in terms of

membership. The social movements have entered a stage at which their traditional ideologies have lost their appeal to increasing groups of people. Collective identities that used to be of life-long importance and that were handed down from one generation to the next, have a narrower coverage in a society more diversified in terms of education, occupation and life-style. However, resources, institutions, and organization structures built up by the social movements are more stable, and contribute to keep up the level of activity. This is probably one of the reasons that the focus has changed from society at large to more internal organizational affairs. From the 1970s, the new public policy of supporting voluntary organizations has in particular benefited the organizations that have their roots in the social movements because they still had high levels of organizational activity and extensive nets of local branches nationwide, or at least concentrated in certain regions. This explains the relatively stable situation since 1986. However, once these conservative structures wither away, more rapid decline in the traditional social movements can be expected.

Another factor that can explain the changes in membership is the emergence of a leisure society with an extensive growth in income for a broad part of the population since the mid-1960s. In general, there is more time and money available in a society where social distress is limited to marginal population groups, and this naturally changes people's behavior in relation to voluntary organizations. Earlier they had to volunteer and participate in organizational democracy in order to create and uphold activities that they found important for themselves, people in need, their local community, or society at large. They made a virtue out of necessity. Today, they can pick and choose between a broad spectrum of leisure activities from voluntary, business, or public sector providers in most of the country. Voluntary organizations in culture and sports seems to fit better into this new situation than other types of organizations.

In sum, local organizational society, at the present stage, distinguishes itself from organizational life in 1940 in fundamental ways. First, the range of activities is considerably greater as new areas have been opened up for voluntary work. Second, the *objectives* of such work are more individual; activity is often more focused on the

organizations' internal affairs and members and less often on the (local) society around them. Third, new organizations usually have a different *organizational structure* from the old ones. The leading position once held by the democratic and hierarchical organizational model is challenged by new organizational forms, and these new forms are gradually gaining ground.

The situation for the broad, social movements has also changed since 1940. The religious, teetotalist and peasant movements that were among the dominant movements, have become less outward oriented, the membership-numbers have declined, and they have lost their role as important change-agents in the Norwegian society (Selle & Øymyr 1995). In other fields, like sports and cultural activities, voluntary organizations still are growing, but, during the latest twenty years, they have been challenged by commercial, for-profit activities. In the welfare field, the responsibility for services established by voluntary organizations have in many cases later been taken over or strongly regulated by the public sector through budget constraints and rules. Another type of regulation is represented by different groups of professionals, that in many cases have based their activities on scientific knowledge rather than the ideology of the organizations.

Norwegian society is characterized by extensive public involvement in welfare provision and with comprehensive, compulsory national insurance schemes, and thus belongs to the family of Nordic welfare states. This model is often referred to as *institutional* (Titmuss 1974) or social democratic (Esping-Andersen 1990). However, a strong public sector in education, health, and social services does not necessarily weaken voluntary work. The preceding section has shown a long history of extensive organizational activity in many fields, including the welfare field. Voluntary involvement is still strong, and, in general, there are few signs of "erosion" or "vanishing" of civil structures in Norway. But several changes and developments can be observed, with the potential of transforming and restructuring civil society.

This will be further discussed in part III about recent developments. In part I, however, we describe the major contours of the voluntary sector at present stage, while part II focuses on how this pattern can be

explained through analysis of law, policy and history, and through theories about the voluntary sector.

I. Major Contours

In the next chapter, we will look at the definitions and understandings of the voluntary sector that have been common in Norway and how they correspond to the CNP definitions. The chapter also includes an outline of the methods used in data collection. Thereafter follows a presentation of the data, first in a chapter analyzing size, composition, and role of the Norwegian voluntary sector, and second in a chapter concerning sources of revenues.

Definitions and Methodology

3.1 Definitions

How do common understandings regarding the voluntary sector in Norway relate to the vocabulary introduced by the CNP? The concept of *frivillig organisasjon* (voluntary organization) has been the dominating term in this field from the turn of the 19th century. The word *forening*, which stems from the German term *Vereinigung*, is also frequently used, showing the close connections that existed between Germany and Norway before World War II. A third term that characterizes an organizational unit is *lag* – a term that can be given several English meanings such as “team,” “crew,” “party” and several others. These three terms – *forening*, *frivillig organisasjon* and *lag* – characterize local as well as national units; they have no specific and separate connotation. Still, it is our impression that the term *forening* most frequently refers to the local units, and *foreningsliv* (associational life) is used to characterize the total activities of associations within a local area. The word *assosiasjon*, which was common around the turn of the century, is now rarely used.

It is important to note that the term *welfare* only covers a part of the voluntary spectrum of activities. Civil associations have been active within the cultural field, and they have held nearly a monopoly as organizers of sports. Religious and professional organizations have well-established organizational structures and play essential roles in their fields. In international aid and support for developing countries, voluntary associations are more or less the sole providers of publicly financed aid.

In the following, we will use the term *membership organizations*

to designate organizations with individual membership, some form of democratic organization structure, and where the members, and not just the leaders and paid employees, are of central importance for the organizations' activities, through participation and democratic processes and, in most cases, through volunteering. Membership organizations are characteristic of the following categories: religious, professional, culture, sports, environment, development and housing, civic and advocacy, and international organizations.

The political-bureaucratic and scientific understanding of associations as constituting a sector of their own is not more than twenty years old. In recent years, however, a wide variety of concepts have come into use, which describe all or parts of the voluntary sector. In addition to "voluntary" (*frivillig*), which is still the most widely used, terms like *third*, *ideal*, *civil*, *non-governmental* and *nonprofit* have become more frequent. They reflect different ideas of what associations are good for, and as such mirror political and ideological currents. Here, we will use the term *voluntary sector*, with a content that corresponds closely to the nonprofit sector term.

How do we distinguish the terms "voluntary association" and "voluntary sector" from other civil activities? In the Norwegian context, the term "voluntary" seems to be more narrow than the internationally accepted "nonprofit" term. Traditionally, political parties and their closest related associations have not been included in the Norwegian voluntary sector; neither have economic cooperatives, trade, business and professional unions. Even foundations have usually been kept outside the sector, because they were not based on participation of members or on a democratic structure. The remaining core of voluntary associations are commonly linked with a somewhat idealized picture. They are assumed to be bearers of ideal properties, such as humanity, voluntary efforts, interests in the common good, spirits of solidarity and community. Consequently, interest, political, professional and economic associations have traditionally been regarded as "something else." They are assumed to be organizations that advance the particular interests of their members, and, consequently, are situated outside the ideal, voluntary world.

The term "voluntary" used as a common denominator for the whole

sector seem to be a result of British influence and associations like the Red Cross, among others. However, it is first now, at the end of the 20th century, that economic and cooperative activities increasingly are included in the sector, as they are in the CNP-definition. To be part of the voluntary sector, associations must, according to the CNP definition, meet five criteria. In short, they should be:

- organized, meaning institutionalized to some extent;
- private, that is institutionally autonomous from government;
- self-governing;
- non-profit distributing; and
- voluntary, with some meaningful degree of voluntary participation or contribution.

How does this structural-operational definition correspond with the Norwegian situation?

Organized. Being organized means that associations have to be formalized in some way or other. This applies to the vast majority of Norwegian associations, even if many local ones may have few members and a rather informal structure. Since there are no legal requirements or registers that include all voluntary organizations in Norway, it might be difficult to decide the exact degree of formalization of an association. However, in general, all the organizations registered in the CNP, even those having very few members, will have a name, organizational statutes, an elected leader, and most often a deputy leader and an treasurer. Informal groups and ad hoc organizations are not included here.

Private. Nonprofit associations need to be institutionally separate from government. Since organizational autonomy is a value held high in Norwegian society, most associations usually meet this criterion. However, some foundations constitute hybrids in the zone between “public” and “private,” but they are here classified as “nonprofit,” provided they do not have a majority of board-members appointed by public authorities. In welfare services, there seems to be an increase of hybrid associations, such as volunteer-centers, that are supported financially and regulated by the public sector, and it can be discussed

how “private” these actually are. But applying the formal criterion of non-governmental control does not create problems.

Non-profit-distributing. Non-profit associations are not allowed to distribute profits to their members, founders or other individuals. Any surplus needs to be retained or dedicated to the purpose of the organization. Since “voluntary association” is not a legal category of its own in Norway, no public authority controls the nonprofit distribution of economic surplus. Rules for exemption from tax on income and assets and from VAT, for instance, do not depend on distribution of profit, but on the fact that the company or association in question does not perform “economic activity” (Woxholt 1998: 30). The main criterion in most circumstances is that they are not buying or selling goods and services, or that the economic turnover is below a certain limit. Hence, protection from taxation does not depend on a particular legal organizational form, but on the kind of activity the organization performs. This means that there is little incentive for for-profit firms of any importance to turn up camouflaged as voluntary associations. There are few examples of hybrids on the border between voluntary and business sector in Norway.

If a voluntary association occasionally arranges rummage sales, garage sales, bazaars for charitable purposes, or sale of real estate or other property, or even operation of small cafés or kiosks in connection to meetings, these would not be considered “economic activity” (Woxholt 1998: 12-13 and 30-33). This means that the activities of most voluntary associations are completely or partly protected from taxation.

In general, the nonprofit thinking is an important part of the Norwegian “voluntary culture” itself. With very few exceptions this is therefore a defining characteristic.

Self-governing. A voluntary association needs a certain degree of autonomy and separate governance structure. This criterion does not usually raise definition problems, since most associations, by tradition and national culture are founded upon a democratic structure. There is no tradition of governmental bodies interfering in internal organizational processes (such as selecting a new leader), and such a view is also strongly supported both by governmental representatives, all political parties, and the public at large. Exceptions may be

institutions owned by voluntary organizations that are mainly financed and strongly regulated by the public sector. In particular, in the categories culture, education and research, health, and social services, some nonprofit organizations are established as foundations with board members appointed by various public authorities. However, for the most part these board members are supposed to serve the interests of the general public, rather than particular authorities, and it is very unusual that they form a majority. There seems to be a recent trend that organizations receive public support for particular projects, instead of grants that they are free to use as they choose. This may over time weaken the autonomy of these organizations. The same problem may occur in welfare hybrids on the borderline between public and private. Public influence may not be a question of direct use of power over these types of organizations. In this situation, the organizations often try to anticipate the will of their financial sources in order to get continued support. The question of autonomy versus *de facto* public control will therefore be discussed in relation to subcategories that include such cases in the section below called “composition and role.” Self-governance is historically one of the main legitimating factors of voluntary organizations in Norwegian society and, is therefore an essential part of the definition.

Voluntary. Most associations with a democratic structure meet the demand for voluntary activities. As mentioned, membership is individual, and this is a crucial feature of the sector as such. One should add, however, that not all voluntary activities are taking place within voluntary associations. Voluntary, i.e., not-paid activities, are also taking place within the business and the public sectors (Wollebæk, Selle & Lorentzen 2000). Institutions and service units administered by nonprofit associations may, on the other hand, miss voluntary activities. So this criterion, by itself, is hardly sufficient for including or excluding the most professionalized part of the sector. However, if used in conjunction with the other criteria, it does not put us into great problems.

All in all, the five criteria fit the Norwegian situation well and opens up a “modern” understanding of the voluntary sector, in the sense that it also includes not only the obvious membership

associations, but also foundations, housing cooperatives, political parties, trade unions, and employers organizations, as well as certain welfare service providers.

3.2 Data and Methodology

As the previous section showed, the notion of a nonprofit sector has a short history in Norway. The voluntary sector has not been perceived in economic terms, but as a vehicle for political, philanthropic and cultural interests. Although voluntary associations have been represented in national statistical material, this has not covered *all* of the voluntary sector, and it has not included its economy and employment. The CNP represents a pioneering effort to fill this glaring gap of knowledge. The data cover 1997.

A cooperation between the Norwegian CNP-project and Statistics Norway was established to find out what relevant sources of statistics existed on employment, expenditures, and revenues of voluntary organizations, what operations had to be conducted to make them useful for the CNP, and what data voids had to be filled. The resulting project involved six sections in Statistics Norway, which produced relevant data and recoded existing registers and statistics in accordance with CNP definitions and classifications. Statistics Norway also conducted additional organization surveys. The latter included surveys of “Membership organizations” (ISIC 91), those with international activities, and grant-making foundations. The Norwegian CNP team was involved in classification of organizations in ICNPO-categories⁴, and control for overlap between different data-sources. In welfare services (education, health, and social services), comprehensive material was already available from Statistics Norway, but it had to be sorted according to the nonprofit definition. To complete the data set in some subfields, the Norwegian CNP team had to gather information directly from voluntary organizations, from national umbrella organizations, and from reports and publications by Norwegian

4. International Classification of Nonprofit Organizations, developed by the CNP.

ministries, governmental agencies and offices, and others. With the exception of a small number of organizations, all data sources provided information about employment. For the most part, operating expenditures were also covered, but in a few cases they were calculated from employment or output figures by comparison with similar activities where expenditures per employee or unit output were known. However, calculation of the share of income from fees and charges, donations and public sources was the most difficult task. In some cases, such as in parts of health and social services, it had to be calculated from expenditures, based on information about the percentage of income from different sources that we gathered from umbrella organizations, ministries and public authorities, or as a last resort, from a few selected cases.

The survey of membership organizations conducted by Statistics Norway turned out to be a useful data source, since the employment and economic turnover figures could be found for the total organization population in the Business Register of Statistics Norway. The survey was designed to expand this information base further by allowing FTE (full-time equivalent) employment, operating expenditures, revenues from various sources, and so on, to be estimated from a stratified, random organization sample. The survey, with a response rate of a remarkable 89 percent, provided information about organizations in the ICNPO categories 1 and 5-11 which largely consists of democratic membership organizations as defined above. However, the survey covered only organizations that are employers or that had a certain level of economic turnover, and that are not subsidiaries of other organizations.

The project “Organizations in Hordaland” was designed to provide national estimates for small and local level associations. The material already included data from 1941, 1980 and 1988 and was carried out again in 1999 as part of the CNP.⁵ The data represent a useful point of departure in the analysis of innovations and development trends in the

5. The 1941 material is the registration undertaken by Nazi officials during the German occupation of Norway. For reasons of simplicity, we will refer to the years 1990 and 2000 instead of 1988 and 1999.

sector. We return to some of the findings below. Data on individual donations and volunteering have been collected by means of a separate postal survey as part of the CNP (Wollebæk, Selle & Lorentzen 1998; 2000).

By drawing together data on economy and employment in voluntary organizations, donations and volunteering, and local level associations, this report presents the most encompassing survey of the size, structure and role of the voluntary sector ever undertaken in Norway.⁶

6. A more detailed methodological description can be found in an appendix.

Size, Composition, and Role

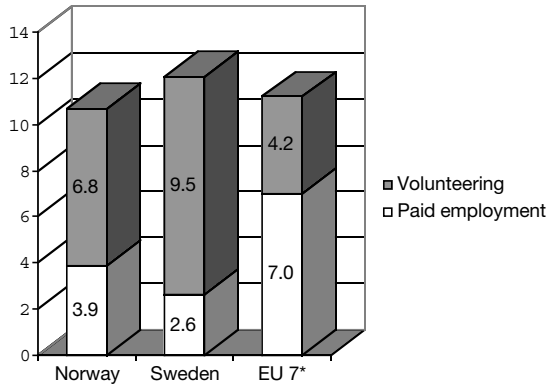
4.1 Size

The Norwegian voluntary sector can, in short, be described as relatively small, viewed in employment and economic terms, when compared with EU countries participating in the CNP. Including religion, the Norwegian voluntary sector had operating expenditures of NOK 40 billion in 1997, or 3.7 percent of the country's gross domestic product. The paid workforce behind these expenditures equals more than 66,000 full-time employees (FTE), or 3.9 percent of all nonagricultural employees in the country. In comparison, the EU countries⁷ had an average of 7 percent, ranging from Finland with 3.1 percent to Netherlands with 12.7 percent (Figure 2).

However, the voluntary sector is still of great economic importance. To put this in perspective, the largest Norwegian company in 1997 with less than half its workforce abroad was Orkla ASA, with a total workforce of 23,378 FTE (Orkla ASA Annual Report 1997: 1 and 34), or one third of the voluntary sector. The voluntary sector employment also outdistances total hours worked in many industries considered of great national significance, such as hotels and restaurants, water transport, manufacturing of food products, and agriculture and hunting. In fact, it is almost the same size of labor-intensive industries such as manufacturing of machinery, ships and other transport equipment, and transport excluding water transport (Statistical Yearbook of Norway 2000, table 362).

7. In the following that means Austria, Finland, France, Germany, Ireland, Netherlands, and UK, which are the 7 EU countries in the CNP that include religion in their 1995 figures (Salamon et al. 1999)

Figure 2. Employment in voluntary sector as shares of total nonagricultural employment, 1997(%)



* Austria, Finland, France, Germany, Ireland, the Netherlands, and the U.K.
 (Sources: Salamon et al. 1999, Lundström & Wijkström 1997, Wollebak et al. 2000)

Even if the paid employment is small in a European perspective, the Norwegian voluntary sector disposes considerable resources in terms of volunteer inputs. Indeed, as much as half the Norwegian population reports contributing their time to voluntary organizations over one year. This translates into 115,000 full-time employees or 6.8 percent of total nonagricultural employment in the country,⁸ compared to an average of just 4.2 percent in the EU countries. This brings the total volunteer and paid employment in Norway up to 10.7 percent of

8. The hours of volunteering are summed up to full time equivalent (FTE) employment to illustrate the size of this kind of activity in relation to paid work. We do not assume that all kinds of volunteering correspond to paid employment or that it would be worth a normal hourly pay in all cases. For instance, there are sometimes strong elements of self-help involved. Volunteering still represents important resources for the voluntary organizations, and this may be precisely because it is based on motivations other than paid work.

total employment, which is close to Sweden with 12.1 percent and the EU average of 11.2 percent, ranging from Austria with 5.9 percent to the Netherlands with 19.4 percent.

The employment rate of Norway is higher than in most other European countries due to increasing female employment. Measuring the size of the voluntary sector as a percentage of total employment disguises the fact that the Norwegian population is very active in voluntary organizations. Our alternative is to use volunteer employment in relation to population as a measure. Then we find that volunteering in Norway equals 26 fulltime employees per 1,000 inhabitants, whereas the EU average is just 20, ranging from Austria with just 5 to the U.K. and the Netherlands with 28 full-time employees per 1,000 inhabitants. Measured in this way, volunteering by the Norwegian population in connection with voluntary organizations is among the highest in the world.

In addition to volunteering extensively, Norwegians share an even higher propensity to join organizations as members. The total number of memberships in Norway is estimated to 8.4 million, which equals almost two per inhabitant. 36 percent of members are found within the field of culture and recreation. Professional associations (21 percent), development and housing (13 percent), health (12 percent) and civic and advocacy activities (6 percent) and religion (4 percent) comprise the bulk of the remaining memberships. According to the Survey on Giving and Volunteering (1998), 73 percent of the population were members of an organization, and 43 percent held two or more memberships. In comparative surveys, Norway ranks among the countries with the highest proportion of members in the population (Dekker & van den Broek 1998).

Although the majority of these members are passive, volunteering is inextricably linked to the status as a member. Many do not volunteer, but very few volunteers are not members. The membership institutionalizes the relationship between the organization and the volunteer, provides her with democratic rights and strengthens the affective bonds to the association. The latter point is undergirded by the weight Norwegian volunteers attach to this affiliation: 43 percent claim that it is very important to be a member of associations for which they

volunteer, while 35 percent say it is somewhat important (Wollebæk et al. 2000, 175-176). The extensive number of memberships means, firstly, that the pool of resources from which organizations can draw is larger in Norway than in most other countries. Many members drift in and out of more or less active roles, and express the willingness to take part actively when needed (Wollebæk et al. 2000: 84). Thus, extensive membership contributes to explaining high levels of volunteering. Additionally, the importance of the membership at least partially explains the relatively minor extent of private donations in Norway. The membership fees paid by passive members is very important for the organizations; in some respects, it is a functional equivalent to the monetary private donations found in countries with a weaker membership tradition (e.g., the U.S.).

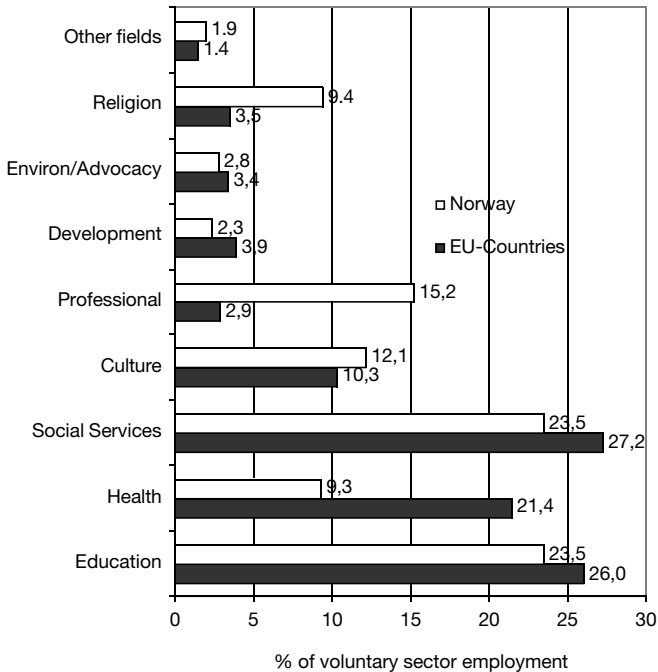
4.2 Composition and Role

4.2.1 Welfare Services

The Norwegian share of voluntary sector employment in welfare services is smaller than in the EU countries. Fifty-six percent of the fulltime employment in the Norwegian voluntary sector can be found in the ICNPO categories of education and research, health and social services (Figure 3), compared to the EU average of 70 percent, ranging from 37 percent in Sweden to the Netherlands with 88 percent. Welfare services is a sizable source of employment within the voluntary sector. However, this is measured against a sector that is relatively small in economic terms. This seems to be in line with the assumption that Norway has a social democratic type of voluntary sector, where the public sector is the dominating provider of welfare services (Salamon & Anheier 1998).

Furthermore, if we look at the composition of the welfare services, we find that no subsector is clearly dominant while no one is inconsiderable. This means that Norway belongs to the so called “balanced model,” together with Finland among the EU countries (Salamon et al. 1999: 22). In Norway education and research, and social services hold 23.5 percent each, while health represents 9

Figure 3. Composition of the voluntary sector in Norway, 1997 and EU countries, 1995 (%) (Austria, Finland, France, Germany, Ireland, Netherlands, and UK) (Salamon et al. 1999)



percent of the voluntary sector. In contrast, in Austria, France, and Germany, social services are strongly dominant, while in the U.K. education is dominant, and in the Netherlands health is dominant. In Sweden, the shares of education, health and social services are low, 20, 4, and 14 percent respectively, while culture and recreation is dominant with 26 percent of the voluntary sector employment. If we look at the EU average, however, education and research, and social services are the dominant fields of the voluntary sector, as they are in Norway.

The relatively large *education and research* category consists

mainly of three subcategories: Primary and secondary education (*grunn- og videregående skole*), adult and continuing education (*studieforbund, folkehøgkoler, fjernundervisning*, etc.), and research activities.⁹ These hold about 30 percent of the employment each. In addition, the subcategory higher education (*høgskoler* etc.) holds almost 10 percent. The voluntary sector has a significant part of the total employment and plays an important role in research, and adult and continuing education, but the shares in the huge primary and secondary educational sector are quite minute. The reason for this is that the establishment of private primary and lower secondary schools (*barne og ungdomsskoler*) requires authorization by the public administration pending legal restrictions that are designed to secure a unitary provision of educational services to all children and adolescents. The public, compulsory school system is seen as the main instrument to reach this goal. But even in this area, the legislation allows for some diversity. A criterion for being allowed to open a private school is presence of educational, ideological or religious ideas not represented within the public school system. The result has, until now, been that the number of private schools is kept to a minimum, since a private school system that competes with the public compulsory schools has been clearly unwanted by the Labor Party governments.¹⁰ In the subcategories adult and continuing education, research, and higher education, public support is of a smaller proportion, and it is designed to a larger extent to promote a diversity of activities.

In *social services*, private kindergartens that are operating on a nonprofit basis is the single dominant subcategory with almost 77 percent of the category's employment. They may be parent-owned, or established by voluntary organizations such as religious congregations or societies, women and family associations, the Norwegian Women's

9. The Norwegian Cancer Society (NCS) belongs to the research category because more than half of the money used on activities were used on research. This is particularly important since a yearly national televised fundraising campaign for humanitarian purposes chose NCS as its target organization in 1997, which boosted the income of this category with 127 mill. NOK.

10. However, a change of course is signaled by the non-socialist coalition government that was installed at the end of 2001.

Public Health Association, and various ideological or educational organizations (Rudolf Steiner, Maria Montessori, etc.), or even by private enterprises.¹¹ The second largest subcategory with almost 12 percent of the social service employment is rehabilitation of alcohol and narcotics addicts. Here we find various types of private institutions and measures that also, for the most part, are operated by voluntary organizations. Furthermore, the social services consist of services for the elderly and handicapped, juvenile homes and institutions (*barnevernstiltak og -institusjoner*), shelters and emergency phones for battered women and children (*krisesentre og -telefoner*), in addition to some voluntary associations such as the Norwegian People's Aid and local branches of the Red Cross.

The voluntary sector plays an important role as social service provider in some subfields. Municipalities have not been able to keep up with the rising demand for kindergartens, due to an increasing female labor force during the last decades. In this situation, the growth of private kindergartens has been politically welcomed and stimulated by public financial support. In 1997, 80 percent of the workforce in private kindergartens were employed in non-profit-distributing organizations, but the for-profits grew faster from 1992–1997.

Teetotalist and religious associations traditionally have made an impact by initiating the establishment of rehabilitation measures for alcohol and narcotics addicts. Even today, these measures represent a broad spectrum of rehabilitation-approaches and views of life. In many cases, these institutions and facilities have been controlled by voluntary associations, for example through overlapping membership on boards. Even if the teetotalist and religious movements seem to stagnate or decline (Selle & Øymyr 1995), 57 percent of the workforce in such rehabilitation measures in 1997 were employed in non-profit-distributing organizations. However, the funding of this work is now

11. Private kindergartens owned by sole-proprietors are excluded due to the “nonprofit distributing” criterion, while kindergartens operated by private enterprises are subject to restrictions on the transfer of surplus to the owning enterprise due to the high level of public support. In fact, some private companies that establish kindergartens for their employees’ children subsidize the operation.

by and large a public responsibility, and as much as 85 percent of these organizations' revenues comes from public sources.

Juvenile homes and institutions, and more recently, shelters for battered women and children, also exemplify activities that originally were initiated by voluntary associations but that are now almost completely financed by public sources. In the case of juvenile homes, the voluntary organizations' employment is just 10 percent of the total services in this field (*barnevernsinstitusjoner og barnevernstjenesten*), whereas the crisis-intervention centers for women and children are in all but four cases operated by voluntary organizations, and they all rely heavily on volunteering.

Within the *health field*, the voluntary sector is dominated first, by nursing-homes, and, second, by hospitals and rehabilitation services, with almost one third of the employment in each subcategory. Furthermore, mental health services cover more than 20 percent. Voluntary associations provide a total of 12 percent of the health employment (Norwegian National Health Association, Norwegian Women's Public Health Association, Norwegian Society for Sea Rescue, Norwegian Air Ambulance, etc).

Evidently, the voluntary contribution with less than 5 percent of the total work force in health services, represent a rather marginal contribution. Historically, the voluntary associations have been important as institution-builders and entrepreneurs, initiating activities in this field that later typically have been taken over by the public sector, as intended by the founders in many cases (Hestetun & Onarheim 1990). Hospitals and primary health services, as we saw in the case of compulsory education, are types of services where competition to the public system until lately have been politically not wanted. Traditionally, publicly financed and controlled services have been regarded as the only way to secure equal access to welfare. However, this system includes a large and increasing share of private practitioners. The public control is exercised by restrictions on establishment or further expansion of private clinics, but also by the system of social security refunds. Only health service providers with a contract with public-authorities will have social security refunds of patients' expenses.

Of health services provided by voluntary actors specifically, there are a few specialized clinics and medical treatment centers, in addition to a number of psychiatric institutions, rehabilitation institutions, and nursing homes for the handicapped, elderly and persons with diseases. These services are to a large extent parallel to the public provisions and almost all funding comes from public sources, except from a few percent in patient payments (*egenandeler*). Even if they are limited in number and in some ways controlled by public health authorities, voluntary organizations were, until the early 1980s, the most accepted complement to the public health system. In the 1990s, the number of market-based services has increased, and their demand for similar economic frame conditions as public service providers has caused political struggle for two decades.

Voluntary service providers have played, and still play, an important role within the health field. There is renewal, expansion and even institution-building going on.¹² Private hospitals, clinics and other services represent a challenge to policy in the field, and a clarification of their role as service providers on a contractual basis is called for.

A conclusion to be drawn from this look at the welfare services is that a universalist policy, defined as generally accessible services with a unitary standard, is practiced in a consequent manner only within certain subfields. In particular, this means compulsory education, hospitals and primary health services, and the social services for diseased, elderly and handicapped. This universalist policy does not exclude a mix of public, voluntary, or even business providers, as is the case in primary health services. The voluntary sector service provision in these subfields in general is minute in scale and under financial and bureaucratic control by the public authorities. However, in a few cases, voluntary organizations in these subfields represent exceptions to the universalist policy that promote diversity in ideology and content, such as the private schools, and alcohol and drug addict rehabilitation.

In most other welfare services, such as higher and continuing

12. Examples of institutions under renewal and expansion are *Røde Kors klinikk*, *Feiring klinikken*, etc, and *Røros Rehabiliteringssenter* is an example of institution-building.

education, research, and social services there are systems of public support for a broad spectrum of voluntary service provision. However, such support is partly regulated by contracts, specifying conditions under which support is given. Consequently, the degrees of freedom the organizations experience in practice vary considerably.

It must be distinguished clearly between the level of autonomy in service-providing organizations and in membership organizations in the welfare field. In the latter case, there is a strong tradition of public authorities' non-interference in organizational matters. These voluntary organizations are not simply reflections of public, top-down initiatives, although in many cases they are nourished by public support. Of course, the membership organizations try in many cases to influence and cooperate with public authorities to achieve their goals. This may in some cases result in pragmatic adaptation to support systems, co-option into public policy, and goal-succession (Klausen & Selle 1996: 115). However, in general, the main influence remains support and initiatives from organization members, without which the voluntary membership organizations would not exist in the first place.

4.2.2 Religious and Professional Organizations

If we compare Norway to the EU countries, there is a much larger part of employment in religious organizations and particularly in business and professional associations. This is similar to the situation in Sweden (Lundström & Wijkström 1997: 295).

Religious organizations account for 9 percent of the voluntary sector employment in Norway, while the share in the EU countries is 4 percent (Figure 3). In religion we find all religious societies, associations, churches, and congregations outside the state-integrated Church of Norway.¹³ In addition, many missionary societies and

13. The Church of Norway is excluded from the voluntary sector since the government is in charge of major economic decisions, the appointment of bishops based on suggestions from the church, etc. However, it has autonomy in questions related to faith and in internal organizational issues, and it is supported by extensive levels of private giving and volunteering.

organizations have originated from the laymen's movement. They are institutionally independent of the Church of Norway, even if they in most cases do not dissociate themselves from its teachings. Several religious organizations have been institution-builders (mission stations, publishing firms, cafeterias, hotels, etc.), and they have been based on a decentralized structure. Communities on the south and southwest coast with only a hundred inhabitants may room several religious assembly buildings. Religious associations seem to be more all-embracing than others and they create stronger feelings of commitment. An indication of this is that as much as 39 percent of the income comes from private donations, in contrast to 9 percent in average for the voluntary sector at large. The income is mainly from campaigns and lotteries (17 percent of total income), and bequests and gifts from private persons (20 percent of total income). This secures a relatively large autonomy, which is a highly held value in these organizations.

The Norwegian share of voluntary sector employment in business and professional associations is 15 percent, compared to only 3 percent in the EU countries. The strength of organizations for business, employers, professionals and employees in terms of employment can partly be explained by a very high level of unionization. Fifty-seven percent of the wage-earners were members of a trade union and employee organizations in 2000. The trade unions have a negotiated right to have their shop-stewards partly or completely disengaged from normal duties at the workplace in order to take care of union issues. In addition, the combination of a centralized and decentralized bargaining structure means that employers and employees have built organizational resources on the national and regional, as well as industry level (Sivesind 1994).

4.2.3 Other Membership Organizations

In addition to religious and professional organizations, there are a number of subcategories that also completely or largely consist of membership organizations, as defined above. These are culture and recreation, sports, environment, development and housing, civic and

advocacy, and international organizations. For these latter categories, the paid employment as shares of the voluntary sector in Norway is similar to the EU countries in average (Figure 3).

Culture and recreation accounts for 12 percent of voluntary sector employment, and consists of three sub-categories. First, in culture and arts with more than 5 percent of voluntary sector employment, we find music, theatrical and dance groups of different kinds (choirs, brass bands, orchestras, and from folk dance to ballet), home crafts associations, and societies for history, literature, movies and art, etc. These are, for the most part, typical membership organizations with high levels of volunteering (11 percent of total voluntary sector volunteering), as defined above. However, this subcategory also includes service providing organizations such as private museums, collections, and libraries.

Second, in sports with 5 percent of voluntary sector employment, we find the *Norwegian Confederation of Sports* and *The Norwegian Olympic Committee* and all connected federations and associations, in addition to a small number of unrelated sports associations. In the federations and at the top-level in many associations, a professionalized management has almost completely replaced volunteers. However, if we look at the athletes, the amateur members that hardly get any sponsor-money at all, in number completely overshadow the peak organizations with professionals, but not in the eyes of the media. The extremely high level of volunteering is a strong indication of this amateur base (21 percent of total voluntary sector volunteering). The sports associations are normally democratic organizations, that are connected to federations and to the Norwegian Confederation of Sports in the typical hierarchical structure, but it can be questioned how well this works, in particular along the long lines of communication from the members to the top level.

Third, in the subcategory called “other culture and service clubs” with 2 percent of voluntary sector employment we find the Norwegian Automobile Association and other motor clubs, pensioner associations, fishing and hunting associations, associations for all kinds of animal owners, student-societies, and scouts and outdoor life associations, and many other types of organizations. Service clubs

and organizations providing services to members and local societies also belong to this subcategory, such as women's and men's clubs, masonic and other lodges, Lions, Rotary, Odd Fellow, and Kiwanis. This latter type of organizations also includes local branches of *Norwegian Women- and Family-Associations* (formerly the *Norwegian Housewives' Associations*) and the *Norwegian Society of Rural Women*. Their national organizations are included in the civic and advocacy subcategory. The subcategory, other culture and service clubs, is also strongly dominated by typical membership organizations with a high level of volunteering (19 percent of total voluntary sector volunteering).

Development and housing with 2 percent of voluntary sector employment, consists of three main types of organizations: first, housing cooperatives and associations, second, local community associations including landowner associations, and third, societies and circles for exchange of job-related and professional experience. These organizations also for the most part fulfill the criteria for membership organization.

Civic and advocacy with less than 3 percent of voluntary sector employment, includes, first, advocacy with one large group of organizations for handicapped and diseased persons, and many smaller groups of organizations for language, feminism, homosexuality, teetotalism, immigrants and ethnic groups, and civil rights, in addition to some political issues such as organizations for or against EU membership. Second, there are legal services, which includes just a handful of organizations. Third, "civic and advocacy" includes political organizations of all kinds and on all levels. Political parties were originally the ideal typical examples of democratic membership organizations. However, with declining membership activity, they have increasingly become professionalized channels for one-way communication from top to bottom. The other types of civic and advocacy organizations are also dominated by democratic membership organizations. The most traditional organizations with a hierarchical structure are found among the organizations for teetotalism, and sick and handicapped. This structure has also been mimicked by other organizations in this field, as soon as they reach the necessary size and

degree of coverage. Immigrant organizations, on their side, do not follow this pattern. Their structure rather resembles a mosaic with many small, unconnected organizations spread out over the country.

In the subcategory *environment*, with just 0.2 percent of voluntary sector employment, we find organizations concerned with pollution abatement and control. There are the traditional membership organizations such as Norwegian Society for the Conservation of Nature¹⁴ and the newcomers without traditional members such as Greenpeace, Bellona, and The Norwegian Environmental Protection Association (Strømsnes & Selle 1996). There are also natural resources conservation and protection such as the Norwegian Association for Ornithology, and environmental beautification such as Norwegian Gardening Society, in addition to animal protection organizations (Norwegian Society for Animal Protection and Noah), that are strongly dominated by membership organizations. Because of its small scale, this subcategory is added to civic and advocacy in the figures in this section and the next.

International organizations with 1.6 percent of voluntary sector employment, includes friendship and exchange organizations, human rights and peace organizations, and development and relief organizations of which a large share are membership organizations. In the latter category, however, some organizations have been cultivating the relationship to their financial sources, which, for the most part, are Norwegian authorities, at the expense of their membership base (Selle 1999). Consequently, a professionalized type of nonprofit organizations, emerges in this subcategory. In figures in this section and the next, “international organizations” together with “philanthropy” and “organizations that are not classified elsewhere” are added to the category “other fields” due to their small size.

This overview of culture and recreation, sports, development and housing, civic and advocacy, environment, and international organizations shows that the membership organization label can be used with a few reservations to refer to this group. The largest problems in relation

14. In English also called Friends of the Earth Norway.

to this concept are raised by the service providers in the culture category. However, they are few since the public sector has a dominating position as a provider of professionalized cultural services. A general trend seem to be that the membership organization structure no longer seem to be as obvious as it used to be, but this is just in the margins. Individual membership, a democratic organization structure, and a high level of membership activity are still characteristic for this field.

4.2.4 Foundations and Volunteer Centers

The category philanthropy, with 0.2 percent of voluntary sector employment, includes first, grant-making foundations and second, volunteer promotion centers, none of which are membership organizations in the sense defined in the previous section.

If we look at foundations as a type of organization, they can be found in several subcategories of the voluntary sector, in particular in culture, education, health and social services. These foundations can usefully be divided in the following subtypes:

Traditional foundations with historical roots have been characterized by a high degree of autonomy. Usually, their activities are financed by the returns on their basic capital, and they are not dependent upon incomes from sales, business transactions or grants from public authorities. Traditional foundations encompass units with small amounts at their disposal, family foundations and some larger foundations realizing common good purposes.

Modern foundations usually have a lower degree of autonomy than their historical counterparts. Many derive their income through public budgets or revenue, and, in consequence, have a different economic structure than that of traditional foundations. They are nevertheless subject to the same public regulations, suggesting that legal regulations have not been sufficiently adapted to the present development of foundations.

Modern foundations can be divided into four categories (NOU 1998: 7). First, *common purpose foundations*, which include philanthropic activities such as international aid, kindergartens and cultural activities. In these foundations, management of basic capital is of less

importance. Within this category one will find many family legacies with a limited basic capital, some larger family foundations, and some that distribute grants for specific purposes.

The second category can be labeled *ideal, service-producing foundations*. These are distinguished by a small basic capital and common-purpose activities like museums, permanent exhibitions and other cultural activities. More often than not they are initiated by civil (private) actors, but public sector activities may also be included in this category of service production. The intention behind the public establishment usually is to secure a certain degree of autonomy for the activity involved, as is often the case for research foundations.

A third category comprises *commercial foundations*, which fall into two sub-categories. On one hand are those that conduct commercial affairs for themselves. Here, production and sales are integrated parts, and the foundation is working as a nonprofit firm. The other sub-category comprises foundations where the capital is invested in other firms or economic activities, and the foundation does not have any production of its own.

Unfortunately, official statistics are unavailable for a complete picture of the entire population of foundations in Norway. Foundations established in recent years appear in a public register (*Enhetsregisteret*), which some early foundations may have escaped. Thus the data presented here should be treated with caution. A national study from 1939 described 6,000 legacies and foundations in Norway (Backe & Krøvel 1940). In 1997, almost 60 years later, more than 9,000 foundations were registered, of which 10 percent were commercial foundations. Altogether 24,000 individuals were employed in these foundations in 1997. Little is known about the properties they administer. In 1975, approximately 6,000 official foundations were registered by the Ministry of Social Affairs, with total assets of between NOK 500 and 600 million. In Norway, the National Court of Protection administers a considerable proportion of the foundations and legacies. In 1968, approximately 30 percent of their values amounting to NOK 150 million came from official legacies and foundations (NOU 1975:63, p. 10).

Foundations also differ according to their primary field of activity,

Table 1. Noncommercial, grantmaking foundations: numbers and grants (1000 NOK), 1997

<i>Purpose</i>	<i>Number</i>	<i>%</i>	<i>Grants</i>	<i>%</i>
Culture and recreation	151	4	1272	2
Education and Research	649	19	13049	19
Health	37	1	33	<1
Social services	1632	47	33181	48
Environment	87	3	150	<1
Development and Housing	53	2	398	1
Professional	189	5	1808	3
Not elsewhere classified	669	19	15993	23
<i>Total</i>	3467	100	68884	100

Source: Statistics Norway 1997

or purpose. It is very difficult to obtain a picture of the present purpose of foundations in Norway currently. Statistics Norway classifies foundations according to industry; these categories do not correspond very well to the stated purpose of foundations. Neither are all foundations registered. But the distinction between commercial and noncommercial foundations is reflected in official statistics. It seems that approximately one-third of all present foundations fall into categories 1 and 2 above (common purpose, and ideal/service producing types), while the rest are commercial.

The subtype of foundations that are included in the philanthropy figures in this and the next sections are the noncommercial grant-making foundations. In 1997 almost 50 percent of them concentrated on social service activities. The second largest activity, comprising approximately one-fifth of all foundations, is education and research (Table 1).

In 1991, 95 volunteer centers were established throughout the country. Initiated and partly financed by the state, these hybrid units came to represent attempts to mobilize volunteers to handle local welfare problems. Placed between the voluntary and the public sphere, the centers have been classified as both, depending on where employer's

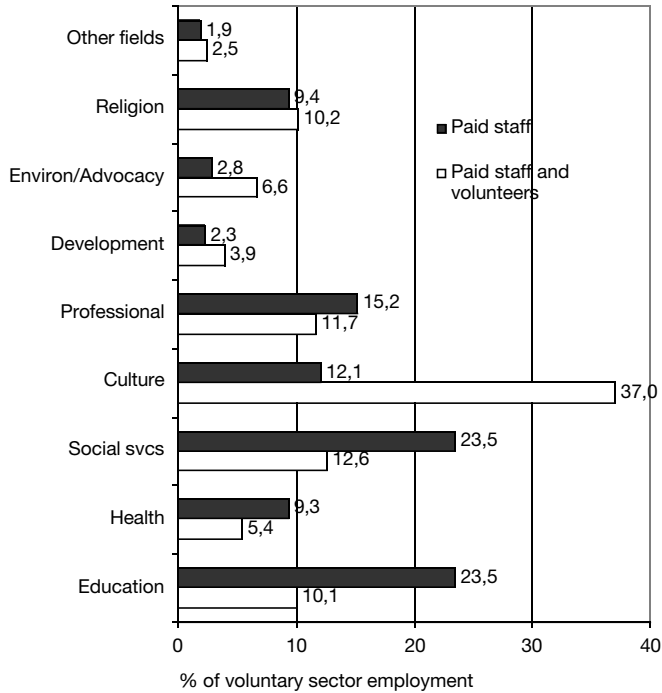
responsibilities were placed. The centers establish contact between volunteers and people that need help, such as elderly and centers establish contact between volunteers and people that need help, such as the elderly and handicapped, and arrange self-help groups and other community activities. In 1997, the number of centers had increased to 164, producing altogether more than 400 fulltime equivalents of voluntary work. Less than half of these centers were operated by municipalities and the rest by voluntary organizations. Only this latter part was therefore, included in the voluntary sector figures.

4.2.5 Composition with Volunteers

Until now we have looked at the size and composition of paid employment. When volunteers are added to paid work, the impression of the size of the sector changes. In particular, as shown in figure 4, the weight shifts dramatically to the field of culture and recreation. The share rises from 12 to 37 percent, making it by far the largest category. As a matter of fact, more than half of all volunteering in the sector takes place here. This indicates the strong position of sports and cultural organizations in the Norwegian population. The categories development, religion, environment, and advocacy also increase their share. However, welfare services and professional organizations, which consists mainly of highly professionalized organizations, have insignificant shares of volunteering.

Of all the work done in the Norwegian nonprofit sector, 64 percent is voluntary work. This is one of the highest shares in the CNP findings, second to Sweden with 78 percent (Western European average, 42 percent; Finland, 53 percent). In culture and recreation, environment, community development, and civic and advocacy, more than 80 percent of the work is done by volunteers.

Figure 4. Share of the voluntary sector employment in Norway (%), with and without volunteers, by field, 1997



Revenue Structure

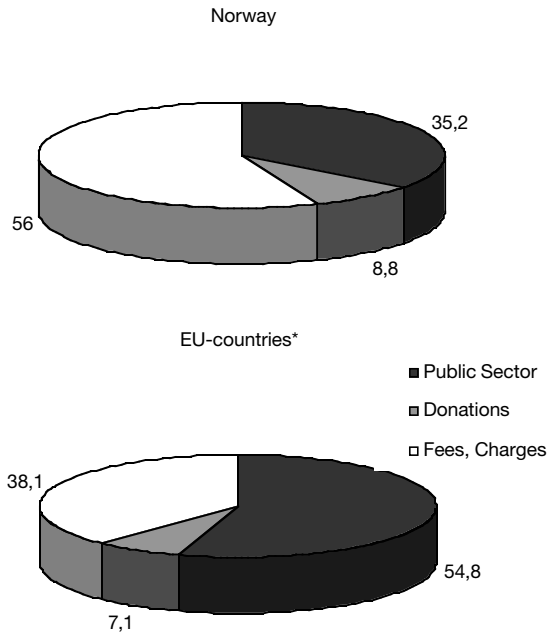
Surprising to many, the Norwegian voluntary sector is more economically self-sustained than the EU average. As much as 56 percent of the revenue comes from fees and charges, of which sales and membership dues each account for around 21 percent of the total. In Sweden and Finland, the revenues from fees and charges are 60 and 57 percent respectively, compared to just 38 percent in EU countries (Figure 5).

Private donations in Norway comprise nine percent of total revenue. The average of the EU countries is seven percent, ranging from Germany and the Netherlands with three percent each, to the U.K. with eleven percent. Sweden and Finland have twelve and seven percent respectively. This means that private donations in Norway is on a level between top and average of the EU countries. However, the variation is very small.

Furthermore, only 35 percent of the revenues of the voluntary sector in Norway comes from the public sector, compared to 55 percent in the EU countries. In Sweden and Finland, the corresponding figures are 29 and 36 percent. The other EU countries range from Ireland with 75 to the U.K. with 45 percent. This means that the share of public funding in all Nordic countries is lower than in all of the selected EU countries. In fact, it is even lower than in the liberal UK. This is not in accordance with the conventional image of the voluntary sectors in the social democratic Nordic countries as highly dependent on the public sector. This will be further discussed in the chapter called “

To explain the low level of revenue from public sources, we will now look at the differences in revenue structure across the subfields of the voluntary sector (Figure 6). We find that *public sector income is*

Figure 5. Sources of voluntary sector revenue in Norway, 1997 and EU countries, 1995 (%)



(*Austria, Finland, France, Germany, Ireland, Netherlands, and UK) Source: Salamon et al. 1999.

dominant in welfare services: health, social services, and education. Private donations are negligible in these subfields, whereas fees and charges constitute 14 percent in health, 32 percent in social services, and 46 percent in education. In the latter category, higher, adult, and continuing education, and research activities are rather self-sustained subfields receiving between 50 and 65 percent of revenues from fees and charges, whereas primary and secondary education is more reliant on public funding.

Among the most *fee-dominant* fields are, first, the professional

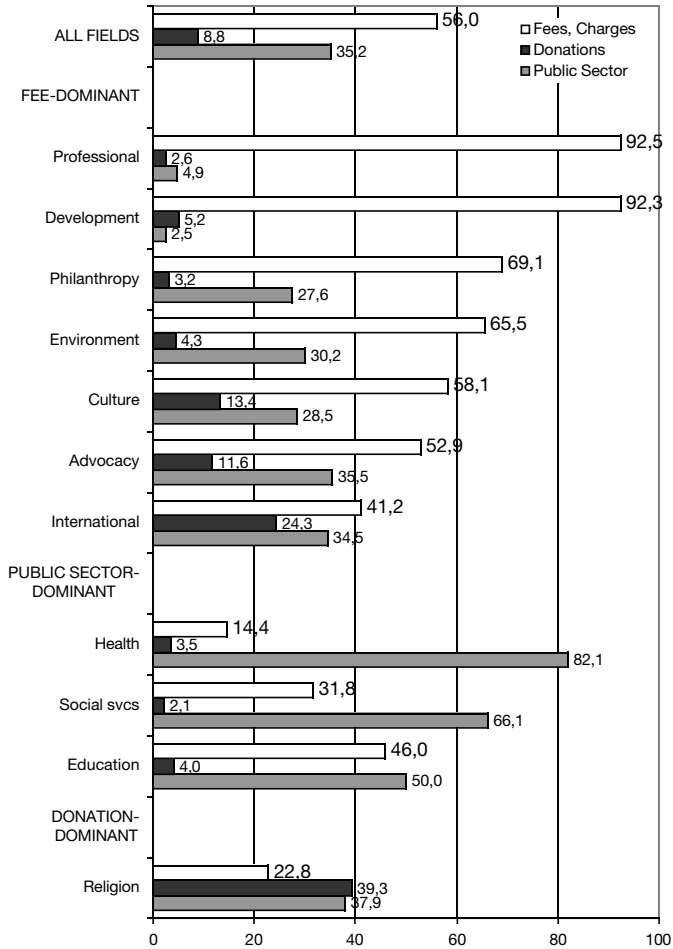
organizations for business, employers, professionals and employees, and second, the community development and housing organization each derived around 92 percent of its income from fees and charges. This consists, for the most part, of membership dues, but sales are also a sizable source of income.

In philanthropy, fees and charges are the dominant types of revenue, comprising 69 percent of the total. The reason is that this subcategory includes grant-making foundations, where income primarily means interest from foundation capital. However, the category also includes volunteer-centers that are almost entirely financed by public sources. This is why 28 percent of revenues in philanthropy comes from public sources.

Environment, culture and recreation, and civic and advocacy are also predominately self-sustained with most of their revenues coming from fees and charges. In these subcategories, there are many membership organizations that get a large proportion of the income from membership dues, but this is surpassed by the income from sales. These organizations also receive around 30 percent of their income from public support. Political organizations diverge from the rest of the civic and advocacy subcategory, since 56 percent of their revenues come from public sources and just 33 percent from fees and charges. This means that they are highly dependent on a system for public financial support to political parties. The level of support is differentiated in accordance with votes in parliamentary elections. In international organizations, public sector payments reach almost the same level as fees and charges, because of the many public development and aid projects. In this field donations (including fund-raising campaigns, gambling-machines and lotteries, as well as direct private giving and bequests), are also a substantial source of revenue.

The only *donation-dominant* field is religion. However, public sector payments are on the same level as donations, and even fees and charges is an important source of revenue. Independent religious congregations receive public support per member on the same level as the Church of Norway. In addition, some missionary organizations are in charge of development and aid projects with public funding. However, the high level of donations in addition to a substantial level

Figure 6. Revenue sources of Norwegian voluntary sector, by field, 1997(%)



of income from fees and charges means that this subcategory is rather autonomous in financial terms.

The differences in revenue structure across the subfields can explain some characteristic features. In welfare services, the public sector is a dominant source of income in Norway as it is in the EU countries (Helander & Sivesind 2001). The public sector has the main responsibility for funding and control of essential services not only in social democratic countries, but also in other European welfare countries. The low level of public income of the Norwegian voluntary sector results mainly from the fact that welfare services represent a smaller share of the total than in the EU countries. In other words, the voluntary sector in Norway has a different composition and role than in the EU countries (Helander & Sivesind 2001), which also has consequences for its funding structure.

If we look at the subcategories that are characterized by membership organizations, fees and charges dominate in most cases. In professional and development organizations membership dues is the largest sources of revenue. In the “environment”, “culture and recreation”, and “civic and advocacy” categories, sales income represents a larger part of the fees and charges than membership dues. International and religious organizations, where donations reach sizable proportions, are the only subcategories with a rather balanced distribution of income from earnings, donations, and public sector.

This distribution of income results from the way Norwegians participate in membership organizations. First, donations are a significant way to contribute to activities in religious and international organizations. Second, in the remaining membership organizations, membership dues and, in many cases, passive membership and are common ways to take part. Third, in environment, culture and recreation, and civic and advocacy there are high levels of sales. An explanation for this and other characteristic features will be sought in the section below called “The Social Democratic Model and the Norwegian Case”.

II. Explanation

The intention with this section is to focus on explanations: How can we explain the specific structure of the voluntary sector in Norway? The focus is on factors related to the legal environment, the economy, public policy, and history. Such explanations presuppose that we have the necessary theoretical tools. We will therefore present and discuss existing theories that can be used in explaining the size and composition of the voluntary sector in Norway. First, however, we will see to what extent the observed size and composition of the voluntary sector results from characteristics of the legal environment.

Legal Environment

To what degree has the legal environment contributed to shaping the voluntary sector in the Norwegian society in a particular direction by restricting or by stimulating certain types of activities? To what degree can we, for instance, observe legal rules that stimulate charitable giving and donations?

Non-profit associations are often referred to as *non-taxable institutions*. The reason for this is the so called ‘protection-rule’ (*verneregel*) in the Norwegian taxation legislation of 1911, stating that non-business companies and institutions are exempted from tax on income and assets. If a legal entity fulfils the protection requirements, all kinds of income (for instance, gifts, donations, and income on capital such as interests, royalties, stock and bond sales) will be exempted from taxation. The exemption also covers profits from the sales of goods and services as well as items that the association uses as the basis of production (such as machinery), provided that the activities carried out may not be defined as business activities. Tax exemption is of great practical and economical value for non-profit associations and foundations, and most Norwegian associations and foundations are exempted from taxation on income as well as on assets.

In many other European countries private giving is stimulated by the fact that donations to humanitarian organizations or other worthy causes are tax-deductible, but there are different limitations on the deductible amount. In Norway, this possibility is very restricted. There is a small tax-deductible amount that can either be given to certain listed humanitarian organizations or be used to pay membership dues in a trade union or employee organization.¹⁵ In year 2000, 53 percent of Norwegian wage earners were members of a trade union. In addition,

some independent professionals are members of other types of organizations. For these people, the tax-deductible amount to humanitarian organizations is in practice zero, but despite this, donations are a larger source of revenue in Norway than in the EU countries.

Voluntary associations have never gained status as a separate legal “charity” category, and no legal criteria exists by which associations can be categorized as “voluntary” or “nonprofit”. This lack of formal definitions make it very difficult to establish particular taxation or tax deducting rules for associations. Such rules would lead to insurmountable control problems for public authorities.

In many ways, the absence of a legal “charity” status stems from before the 1980’s, when associations were not perceived as constituting a sector of their own. Only after the appointment of a governmental commission in 1985, the issues of legal conditions for associations was raised. In order to improve economic conditions for the sector, the commission forwarded several proposals of tax deductions and exemptions from public duties (NOU 1988:17). However, all proposals were rejected by the Ministry of Finance, which in a very brief passage stated that the Government would prefer to subsidize the voluntary sector by direct money transfers and not by general exemptions from tax and duty demands. The rejection was grounded on practical reasons: “The task of defining which associations should benefit from such regulations represents considerable administrative problems” (St.meld. 2, 1988/89: 138).

Considering the general and vague criteria that define an association in Norwegian law, one understands that a broad range of activities are governed by the partly “unwritten” law of associations (Woxholt 1998: 8). The variation ranges from small clubs organizing sports, social and leisure activities on the one hand, to large entities such as national labor and employer organizations, associations organizing activities of professionals (lawyers, dentists etc), cooperatives carrying out economic activities, and the Red Cross, on

15. The deductible amount was NOK 900 or US\$ 100 for the year 2001.

the other. It is evident that the whole spectrum of associations cannot be governed by exactly the same legal rules. However, the law provides freedom to write and constitute statutes in accordance with special needs and thus gives the flexibility required.

Nonprofit activities can also be organized as *foundations*. The Foundation Legislation Act of 1980¹⁶ was Norway's first legislation to specifically address foundations. Previously the legal norms of foundations were based on court practice and general legal principles, which remain relevant today.

A key element in the definition of foundations is the *requirement of independence*, which states that an object of economic value must be placed at the independent disposal of the relevant purpose for which a foundation is established (Woxholt 1999). No individual, legal entity or interest outside the foundation is allowed any legal rights or power to influence the foundation and its administration. Foundation activities must rest upon a capital base (*grunnkapital*). In traditional foundations this capital base is the source of life and activities, enabling the distribution of money for specific purposes. Operating foundations that primarily carry out nonprofit activities also need to be established with a capital base, but in these foundations the capital base is more of a formal matter. Rather than making grants for a specific purpose, these foundations frequently also distribute money originating from outside sources such as government transfers and finance from other public authorities, or income derived from activities of the foundation itself.

Legally, foundations must also be of some permanence because their purpose and consequent activities are not restricted in time. This requirement was highlighted in the 1980 legislation, which made altering foundation objectives very difficult. It also excludes activities such as mass meetings and campaigns or money collected for a special purpose such as aid to earthquake victims, which are not on-going activities.

The Foundation Legislation of 1980 distinguishes between private and official foundations. An *official foundation* is controlled by an

16. Stiftelsesloven av mai 12, nr. 11.

official (public) authority, whereas all other foundations are *private*. Both types may be established (but not controlled) by either public officials or private persons. The essential difference between private and official foundations is that the latter are subject to stricter governmental control.

There is no clause stating the right to organizational freedom in the Norwegian constitution, but in general the principle is supported by political and legal authorities. For instance, denial of membership or preferential treatment of certain members will presumably not be accepted by courts unless it is based on objective and impartial reasoning (Woxholt 1998: 16-19).

The legal environment in Norway may be less regulated, and in some aspects also less accommodating, for nonprofit organizations than in many other EU countries, since they are not singled out as a legal category. Although in practice they are exempted from tax on income and assets, nonprofit organizations do have to pay VAT and employer's tax, and they must withdraw tax from employees' salaries in most cases, although some exceptions exist (Woxholt 1998: 30-33). There are also strong limitations on the tax-deductibility of donations from citizens. This environment contributes to an explanation of why there are few large nonprofit providers of goods and services in Norway. This also may have inhibited growth of the nonprofit sector in terms of employment and the economy, compared with EU countries. Hybrids are to be found on the border with the public sector rather than with the business sector. There are also few incentives to create large general purpose humanitarian grant-making foundations that serve as the backbone for the nonprofit sector in many countries. However, we believe the explanation for the lack of such foundations and service providers in Norway may have more to do with ideology, politics, and history than with the taxation rules. This will be further discussed below, but first we will look at theories of nonprofit development.

Conventional Nonprofit Theories

In this chapter, we will relate the Norwegian case to three arguments central to the nonprofit literature, named the *heterogeneity*, the *trust* and the *interdependence* arguments. The “nonprofit approach” these theories subscribe to draws attention to economic aspects of associations, trying to explain the size and role of the sector with concepts and models from economics. Consequently, most nonprofit theories focus on economic activities of organizations, with the inherent economic characteristics of such institutions, or the impact from their political or societal surroundings, as the major explanatory variables. Below, we give a brief presentation of some of these theories and assess how well they contribute to understanding the Norwegian voluntary sector.

7.1 The Heterogeneity Argument

The basic argument of Weisbrod’s (1977) theory of government and market failure is that the size of the nonprofit sector varies between countries depending on their ethnic composition. The basic tenet of the theory posits that the more heterogeneous the population, the larger the nonprofit sector will be.

This occurs because of “failures” of both the private and public sector. Profit-maximizing firms will fail to provide public goods, i.e., goods which are accessible whether someone pays for them or not, as they cannot be sold with profit. The government will, in a democracy, attempt to satisfy the median voter in order to maximize political support. This implies that some proportion of the electorate will be dissatisfied, because the supply does not fit with their demand. This

discontent will be most extensive in heterogeneous societies, since deviations from the median voter will be largest in these contexts. The failure of both state and market to satisfy these groups paves the way for nonprofit entrepreneurs to fill this residual demand.

James (1987) extends this argument by emphasizing that extensive nonprofit activity depends not only on government and market failure, but also on the presence of entrepreneurs with incentives to initiate alternative institutional arrangements. These incentives tend to stem from religious rivalry; however, other ideological groupings such as political parties or socialist unions, may fill a similar role.

The degrees of freedom for nonprofit entrepreneurs are influenced by the degree to which deviation is tolerated by the government (James 1987). Consequently, many heterogeneous countries have small nonprofit sectors, because minority demands are suppressed. The consequences for the nonprofit sector are also related to scale. In a country where the population is homogeneous locally but heterogeneous nationally, and where a federal system exists and responsibility for welfare services is delegated to local authorities, the probability of a large nonprofit sector will be smaller than in a unitary state, all else being equal (Steinberg & Young 1998).

The upshot of this is that the heterogeneity of the population becomes the central independent variable in explaining variations in nonprofit activities. The outcome is, however, dependent on other factors as well, such as the political position of minorities, the spatial pattern of heterogeneity and the model of democracy.

7.2 The Trust Argument

While the heterogeneity argument focuses on the division of responsibilities between the public and the nonprofit sector, the argument contributes less to the understanding of why unsatisfied demands are filled by nonprofit rather than forprofit services. In a strict economic sense, many of the services provided by nonprofit agencies are private, not public goods; the cost of supplying increases by number of recipients, the access may be restricted by the supplier, and it may indeed be desirable to do so for profit purposes.

Hansmann (1987) suggests that nonprofit institutions have an edge over forprofit companies because they are seen as more trustworthy in important respects. This argument is based on the idea that information asymmetry exists between seller and customer, a relationship analogous to that between an organization and a donor. This is especially relevant for the services typically provided by nonprofits, where the service is often complex and difficult to assess. The supplier knows more about the weaknesses of the product than the buyer, and may choose to conceal them in order to maximize profit.

However, nonprofit agencies' opportunity for distribution of profits to owners is constrained by definition. When the quality or price of the product is difficult to evaluate, the customer/donor will not know whether s/he will be cheated or exploited by the nonprofit organization, so the nondistribution constraint creates more confidence in the agency's good intentions than is the case for private businesses. Without the ulterior motive of profit, customers/donors will assume that the quality of the product is given first priority. Consequently, "[n]onprofits arise (or, rather, have a comparative survival advantage over for-profit firms) where the value of such protection outweighs the inefficiencies that evidently accompany the nonprofit form, such as limited access to capital and poor incentives for cost minimization" (Hansmann 1987: 29).

7.3 The Interdependence Argument

Most conventional perspectives on the relationship between the public and nonprofit sectors are based on the assumption that they are in continuous competition or even conflict. The voluntary sector is often treated as a residual category – they enter the scene when other sectors, particularly the state, fails.

However, this is not the only way of viewing the relationship. Salamon (1987) noted that the voluntary and the public sector both have distinct advantages and drawbacks, and the negative aspects of one seem to match the positive aspect of the other to a large extent. The voluntary sector may lack the ability to generate sufficient funding, it may favor certain groups over others (particularism),

exercise paternalism, or lack the professional competence needed to carry out the demanding tasks of high-quality service production. A state government is better equipped to handle these challenges; to generate reliable funding by means of its right to tax the citizens; avoid particularism by setting priorities based on a democratic political process; prevent paternalism by introducing universalist welfare arrangements, thus making welfare a right rather than a privilege; to improve the quality of the services by instituting quality-control standards. On the other hand, voluntary organizations can personalize the service to a greater extent than the state can, and be more flexible and cost-effective.

Given this close match between the shortcomings of the one sector and the virtues of the other, a close cooperation makes sense. Thus, the relationship between the government and the voluntary sector is more often characterized by interdependence and partnership than by competition.

7.4 Conventional Nonprofit Theories and the Norwegian Case

In a comparative perspective, the main problem associated with both the trust/contract failure argument and interdependence theory is that they are not really theories about *variation*. This makes the development of testable propositions for cross-national analysis difficult.

Hansmann's theory posits that nonprofit organizations have a competitive advantage over for-profit firms, because of the purchaser's trust in the nonprofit institution. Trust stems from the fact that nonprofits do not distribute profit to their owners, while for-profit companies do. These qualities are parts of the definition of non- or for-profit organizations, and should consequently be relatively constant in different settings. Furthermore, the trust argument does not really address the arguably most important question in the Norwegian context, namely the division of responsibility between the public and nonprofit sector. For-profit providers have until recently been more or less absent within the core activity areas of the nonprofit

sector in Norway, although commercial activity is currently growing rapidly within some important fields (e.g. sports and health).

The emphasis of interdependence theory is on partnership and cooperation between government and organizations, thus challenging the assumption of an inherent conflict between the state and the nonprofit sector (or civil society in general). However, a main problem associated with the theory is, as Salamon concedes, that "... it does not really specify the circumstances under which such a relationship is likely to emerge." (Salamon & Anheier 1998, 226, see also Steinberg & Young 1998). The theory is therefore difficult to operationalize for comparative purposes. Salamon and Anheier (1998) propose that a positive correlation between high levels of social welfare spending and the size of the nonprofit sector might strengthen the theory, a hypothesis subsequently firmly rejected by their data.

Although interdependence theory is not particularly well-suited for explaining cross-national variation, this shortcoming should not lead us to dismiss its overarching perspective. We believe it is an essential tool in order to understand the development of the voluntary sector in Norway, as well as in many other societies.

Empirically, this description fits the historical development of Norwegian associations better than more conflict-oriented perspectives do. While the conventional perspective leads us to believe that voluntary initiatives have been crowded out by hostile governmental intervention, in reality the state responsibility for welfare in some (but not all) important fields in Norway grew partly due to the initiatives of voluntary organizations. The aim of several associations was to raise public awareness for problems ignored by the state, to initiate welfare arrangements handling the problem, and to secure the future existence of the service – either carried out by the organization with extensive public funding or by the public sector. It was not primarily to define an autonomous sector "of their own" in competition with the state, even though many voluntary service providers also wanted to uphold their independence. Illustratively, the strongest expansion phase of the welfare state coincides with the strongest period of growth for the organizations active in health and social issues.

The mechanisms and implications of heterogeneity theory are more

specified than is the case for interdependence theory. Following Weisbrod and James, Norway should have a weak nonprofit sector because of a relatively homogeneous population and a strong state. While this is true measured by a narrow selection of economic indicators, it is by no means the case by all standards.

When studying only the proportion of paid employees within education, health and social services, the Norwegian voluntary sector appears rather small, and the heterogeneity argument appears strengthened. However, when volunteers and the organizations active outside the core domains of the welfare state are taken into consideration, Norway ranks slightly above the average. When taking into consideration that the proportion of the population currently in the workforce is higher in Norway than in most other countries, this impression is somewhat strengthened.

Is this a *weak*, or a *different* nonprofit sector? There are numerous and important distinctions that need to be made before concluding on the matter. In terms of some economic measures, the sector appears small. For example, the large nonprofit corporation often found in America is absent in Norway. But measured in democratic or social significance, Norwegian organizations have contributed to nation-building, the development of the welfare state and ongoing political processes to an extent hardly found anywhere else. In terms of paid employment, the Norwegian nonprofit sector is not impressive, but the level of volunteering is probably among the highest in the world. Nonprofit institutions are less often found than in many other countries, especially within welfare services. But the number and strength of membership organizations, even within health and social services, is unrivalled. While the subfields of health, education and social services are comparatively speaking and in economic terms weak, the subfields of culture, religion, unions and advocacy are comparatively speaking fairly strong. Finally, while some subfields, such as culture and recreation, are at their zenith at the present time, others, such as membership associations within health, social services and religious activities peaked in earlier periods.

How well do conventional theories account for these distinctions? Heterogeneity theory appears to cast light on only a limited section of

the sector, with a limited time frame and a limited perspective. That is, the homogeneity of the population correlates with a low level of *paid* employment (as opposed to *unpaid*) in *welfare* (as opposed to e.g. *culture and advocacy*) *institutions* (as opposed to *organizations*) at the *present time* (as opposed to e.g. the period after 1900). And even then, we need the insights from interdependence theory to know that the assuming of public responsibility for these tasks did not transpire in a vacuum, but was created in partnership with the voluntary sector.

Thus, conventional nonprofit theories run into problems related to *perspective*, *concepts* and *empirical* evidence. The empirical critique relates to the fact that although the Norwegian voluntary sector is small measured in employment in welfare services, it is medium-sized when volunteers are taken into consideration, and enormous when non-economic measures (such as memberships) are used. The Norwegian (and Scandinavian) case offers little support for the idea that extensive welfare states will have small nonprofit sectors.

This is related to *conceptual* problems caused by the inclusion of apples and oranges in the idea of a nonprofit sector (Ragin 1998). The multitude of social and economic phenomena included in the definition makes it difficult to use as an analytical device, even with a pure economic perspective. The economic dynamics differ from subfield to subfield: While professionally delivered welfare services might be expected to be taken over by other sectors if one fails, this is less often the case when it comes to advocacy groups, environmental organizations, unions or amateur music bands. The image of competition between the sectors may hold true for some fields, but not for others.¹⁷

Finally, a single dimensional economic *perspective* is unable to

17. Some conservatives would argue that the presence or absence of these types of organizations is indeed dependent on the role of the state: In state-dominated systems, the public sector contributes to the weakening of private initiatives, and voluntary associations are consequently very weak (e.g. Nisbet 1965). This argument is countered by the fact that associations in the Scandinavian countries have extensive voluntary activity and strong states. The relationship between the associations and the government is not primarily characterized by conflict. The associations tend to see government funding more as a right and a source of legitimacy than as a problem and a limitation on their autonomy.

capture the importance of political institutions and historical processes, and the political and social role of voluntary associations, which is not necessarily connected with their economic role.

There are important insights concerning subfields of nonprofit activity in the theoretical approaches discussed above. In order to understand voluntary organizations and institutions in Norway we need to build on some of these, but also to extend our approach. We need theories sensitive to variations between different fields of activities and different institutional settings, rooted in the historical processes that have decisively shaped the Norwegian voluntary sector.

Social Origins

Unidimensional economic perspectives as presented by conventional nonprofit theories appear insufficient to explain the pattern presented to us by the data from the Norwegian voluntary sector. They only address the role of voluntary organizations in fields where public, business and voluntary sectors are alternative providers. However, we are here confronted with a broader set of organizational characteristics that reflect not only public policy in the field or competition from forprofit enterprises, but also the willingness of people to be members, participate, and to contribute their time and money. Below, we will argue that historical/institutional approaches give better explanations of the emergence, as well as the composition and role, of the voluntary sector in Norway.

An important recent contribution in this field is the “social origins” theory (Salamon & Anheier 1998), with the purpose of classifying countries into groups in which different causal mechanisms are in operation. This is much in the same vein as Barrington Moore Jr. classifies countries according to their “routes to the modern world” (Moore 1966), and Esping-Andersen discerns three welfare “regimes” (Esping-Andersen 1990; Esping-Andersen 1999). The assumption is that there is *no single factor* that can explain the size and composition of the nonprofit sector in different countries. Complex relations exist between, on the one hand, social forces such as the working class, the landed and urban elites, the peasantry, and external powers, and on the other hand, social institutions like the state and the church. The objective of the theory is to explain why nonprofit sectors in various countries at present are similar or different when it comes to size and composition of employment, expenditures, revenues, and volunteering. The

Table 2. Social Origins Model of the Nonprofit Sector

Public welfare spending	Nonprofit sector scale	
	<i>Small</i>	<i>Large</i>
<i>High</i>	Social Democratic	Corporatist
<i>Low</i>	Statist	Liberal

Source: (Salamon & Anheier 1998: 240)

proposition is that they cluster in four types called the *social democratic*, *corporatist*, *statist* and *liberal* models according to size of public welfare spending and scale of the nonprofit sector, or at least, that these four ideal typical models are useful heuristic devices (Table 2).

Social democratic and corporatist countries both have large public welfare expenditures. The difference should according to the theory be that in the corporatist countries, larger shares of these expenditures go to voluntary sector service providers than in the social democratic countries, which consequently have smaller voluntary sectors. Here, the state “crowds out» the voluntary providers.

8.1 The Social Democratic Model

Social origins theory predicts that in a social democratic regime or model, wherein the public sector provides extensive welfare services, little room is left for nonprofit organizations in that field. They may, however, be quite active in other fields as vehicles for expression of political, social and recreational interests.

The explanation for this pattern, according to Salamon and Anheier, is that early in the phase of industrialization, the working class was able to exert effective political power often in allegiance with other groups. There was no blocking majority representing urban or landed elites (Salamon & Anheier 1998: 229 and 242). In this situation, it was in the interest of the social democratic rulers to secure the rights of their supporters to essential health, educational, and social services. Furthermore, the church authorities in many social democratic

countries had been domesticated as a result of the reformation. During the social democratic rule, according to these authors, church-related welfare was gradually absorbed by the public sector in the process of extending social rights. The public and third sectors were seen as alternative providers of welfare services, and the former was preferred by the social democrats because only in that way, it was thought, could unitary standards and equal access for all be guaranteed.

The so-called expressive role of nonprofit organizations could grow unimpeded, because it was considered instrumental for the political mobilization that underpinned the social-democratic regime (Salamon & Sokolowski 2001: 15). Volunteering is expected to abound in this expressive field, which in this theory includes culture, sports, recreation, environmental protection, political expression, advocacy, labor unions, and professional and business associations.¹⁸ However, volunteering is expected to be low in the welfare service field which is seen as a public responsibility (Salamon & Sokolowski 2001: 16). Furthermore, “the voluntary sector would be financed more heavily by private charitable contributions” (Salamon & Anheier 1998: 230), since the sector was rejected as an alternative mechanism for meeting public needs.

This adds up to the following implications: The social democratic model should first result in extensive public social welfare services and a relatively small nonprofit sector, particularly in the welfare service field. Second, it should result in high levels of volunteering in the membership organizations, and low levels in the welfare field. Third, it should result in donations as a relatively large proportion of the funding base (Salamon & Anheier 1998: 230-31).

The causal mechanisms (Elster 1989; Hedström & Swedberg 1998), that according to social origins theory can explain this pattern are first, the working class was able to exert effective political power,

18. This term covers a very wide specter of organizations, from local membership based associations to trade unions and political parties. The term ‘expressive’ is often used as the opposite of ‘instrumental’ in sociological theory, which is obviously not the case in many of these organizations. In the following we will instead use the term ‘membership organizations’ that was defined in section was defined in section 3.1.

partly based on support from other groups. Second, the social-democratic rulers wanted to extend social rights to their supporters. Third, the membership organizations were considered as instrumental for the political mobilization that underpinned the social democratic regime. Fourth, the public sector was preferred to the third sector as a provider of welfare services.

In the following sections, these implications and mechanisms will be discussed in light of insight from the data. First, we will be looking at employment, volunteering and revenues. Then follows a discussion of the causal mechanisms that social origins theory relies on to see if they are sufficient and necessary parts of an explanation of the data. At the end of the chapter, the adequacy of the theory for the Norwegian case will be addressed.

8.2 The Social Democratic Model and the Norwegian Case

To what extent does the social origins theory help explain the distinctive features of the voluntary sector in Norway? The main features of the social origins theory describe the Norwegian situation rather well, as we will see in the following. The social democratic Labor Party has been the ruling party in Norway since 1935 with a few brief interruptions in recent decades. However, since 1965 it has depended on support from other parties, in particular the agrarian Center Party and the socialist Left Party. Furthermore, Norway has extensive public welfare expenditures. Including education they came to 31.8 percent of GDP in 1997. This is on the same level as the average of the EU countries, which is 32.3 percent, ranging from Ireland with 24.1 and the U.K. with 27.4, to France with 35.9 and Finland with 38.7 percent.¹⁹ According to social origins theory, the EU countries belong to the corporatist model with the exception of the U.K. and

19. The EU countries are Austria, Finland, France, Germany, Ireland, Netherlands, and U.K. Social welfare spending includes public social expenditures and direct public expenditures for educational institutions. Source: The OECD Social Expenditure Database 1980-1997 and Education at a glance 2000 and 1998, table B1.1a.

Finland, respectively classified as liberal and social democratic (Salamon & Anheier 1998). The findings are thus in accordance with the theory, if we ignore Ireland, since the social democratic and corporatist countries are all expected to have high levels of public welfare expenditures.

8.2.1 Is the Model in Line with the Findings?

As expected from the theory, the data from Norway have shown that the voluntary sector is relatively small in terms of employment and expenditures, in particular in the welfare service field, but large when volunteers who to a large extent can be found in sports, culture and recreation are included. However, there are some salient features of the Norwegian voluntary sector that the social origins theory does not account for satisfactorily.

According to social origins theory, private donations is expected to be low in the corporatist and statist regimes, but high in liberal and social-democratic countries. But our data show that private donations in Norway in fact are close to the level found in the EU countries.

Private donations in the social democratic Norway that should be high, lies as we saw between the average and the top among the EU countries, of which the largest proportion is reached by the UK, classified as liberal (Salamon & Anheier 1998). This means that the theory is partly supported by the evidence in the case of Norway. However, the variation is so small that it is hardly worth mentioning.

Still, the Norwegian voluntary sector is to a large extent self-sustained. A substantially lower share of the revenues of the voluntary sector in Norway comes from the public sector compared to the EU countries. Social origins theory provides a possible explanation for this, since the public sector is expected to be the preferred provider of welfare services, and this will probably reduce the level of transfers from the public to the voluntary sector. However, as much as 56 percent of the revenues come from fees and charges in Norway, compared to just 41 percent in the EU countries. This is a very marked difference in revenues, and much more consequential than the difference in share of donations, but it is not addressed by the theory.

As shown, an explanation for the high level of revenues from fees and charges in the Norwegian case can be found by examining the revenues of different parts of the voluntary sector. First, as one might expect, welfare services, where public funding in most countries is dominant, is a small subfield in Norway. In fact, it represents a smaller share of voluntary sector employment than in any of the EU countries. Second, professional organizations, where income almost entirely consists of fees and charges, represent a very large share of the voluntary sector in the Norway. Third, Norwegians contribute to voluntary associations primarily through membership and voluntary effort, and to a lesser extent through donations. This in particular applies to the subcategories sports, culture and recreation, religion, environment, professional organizations, and advocacy, which are characterized by membership organizations and which have fees and charges as the dominant sources of revenue. The exception is religion, where private donations surpasses fees and charges as sources of revenue. However, this subfield accounts for only 6 percent of the voluntary sector's expenditures.

Volunteering is important for explaining the high level of fees and charges because it may enhance income from sales of goods and services, for instance, by sales and services to members or people in general. Examples of this include running small cafés or kiosks in connection to meetings, and arranging rummage sales and lotteries. In addition, income is produced through volunteers performing assignments for private businesses or municipalities that voluntary associations receive pay for, such as moving in or out of offices, clearing up, delivering telephone books at peoples doors, and even tearing down houses. The tradition of this kind of volunteering (*'dugnad'*) in Norway can trace its roots back to the Middle Ages as a collective community insurance system, based upon work rather than money. Today, the modern version consists of collective, voluntary, unpaid efforts among members, quite often with the aim of producing goods or services for sale. For most smaller local associations, such collective activities represent their most important income source.

Volunteering is also important for explaining the size of the Norwegian voluntary sector. As we have seen, volunteering represents

64 percent of all work done in voluntary organizations. In our survey of local level organizations, we found that the wage-costs' share of operating expenditures in these organizations is surprisingly low (18 per cent), probably due to volunteering, informal economies and symbolic payment. In our survey of membership organizations, the reported wage-costs represent 36 percent of operating expenditures. In some of the organizations for disabled and sick persons the reported wage-cost share is 17 per cent.

This means that since work to a large extent is unpaid, money can be spent on other items than wages. In many local associations, expenditures cover activities such as courses, meetings, travel expenses, housing, administration and equipment. Thus, volunteering to some extent replaces paid employment, and hence reduces the share of employment, particularly in membership organizations. A small voluntary sector in terms of employment is not just a reflection of large public social welfare spending. In some subfields it is also an effect of high levels of volunteering. This means that the voluntary sector in Norway is *different* rather than smaller than that in the EU countries. Even in a process of modernization and commercialization, volunteering and membership are still main features in many subfields. This is a result of a long tradition of many vigorous social movements that in many cases in fact are older than the labor movement.

This dissection of the Norwegian voluntary sector revenues indicates not only, as social origins theory predicts, that the public sector is dominant in the essential parts of the welfare services. It also points to the important role of membership organizations, which is where the large proportions of volunteering and fees and charges can be found. This willingness to take part and contribute is a result of the great imprint the *social movements*, not just the labor movement, have left on the voluntary sectors in Norway. This seems to be underestimated by the social origins theory.

8.2.2 Does the Model Explain the Findings?

In this section, we examine the causal mechanisms that social origins theory relies on to explain the size and composition of the voluntary

sector in countries belonging to the social democratic model, and suggest alternative explanations that can account for certain discrepancies.

Social origins theory claims that the extension of social rights guaranteed by the state has been one of the social democrats' main priorities. However, to stay in power in a political system characterized by a diversified party system and corporate pluralism, the social democrats also have at times had to negotiate and cooperate with other parties and social forces. In many cases these are linked to other social movements. Farmers, small-holders, fishermen, and employers' and trade unions are particularly active in the corporate channels, a system where votes count but resources decide, according to Stein Rokkan (1966). Consequently, the priorities of other parties, forces, and social movements have also at times been made relevant in policy making, not only through the corporate channels, but also through political struggles where voluntary organizations have been pressure groups, members on committees and panels, and participants in discussions.

This is illustrated by one of the cornerstones in Norwegian welfare policy. In contrast to what is commonly assumed in international welfare research (Baldwin 1990), the universal coverage of the social insurance schemes (*folketrygden*, the Scandinavian type of superannuation) in Sweden and Norway was not originally a social democratic priority. Rather, it was the outcome of political struggles involving several parties, forces, and models. In Norway, the Labor Party originally favored an insurance model based on employment and organized by the employers' and trade unions. The women, fishermen, and farmers were afraid they would be excluded from that model, and consequently the smallholders' organization and Norwegian Women's Public Health Association were among the advocates of a universal model. To attract the middle class voters, the conservatives advocated a flat rate model with universal coverage that opened up for private supplements. This put the social democrats in a dilemma since they argued for a model with narrower coverage. Inspired by the Swedish solution, a tax-based pension with a universal minimum level and income-based graduated increases was finally approved in 1967 with support from most parties. This model comes closest to the one suggested in 1961 by the Left, a liberal party with

close connections to the counter cultural social movements (Furre 1991: 315-16; Stjernø 1995: 67).

The membership associations are not only instrumental for political mobilization underpinning the social-democratic regime, as the social origins theory assumes. They are vigorous social and political forces with their own agendas that have left traces in Norwegian society. Social origins theory also underestimates this complexity. There are the counter cultural social movements for religion, peasants, teetotalism, and languages. In addition to this, the sports movement has grown to large proportions under particularly favorable economic conditions in the post-war period. It has managed to keep alive a broader and more inclusive concept of sports traditional in the Nordic countries that is based on membership and voluntarism, even under the pressure of an increasingly commercialized, professionalized and competitive sports industry. The large humanitarian organizations promoting the improvement of health and social conditions have been very influential in their field, even if they now seem to be in decline and more oriented towards their members' interests (Selle & Øymyr 1995: 67).

When it comes to the relationship between the public sector and the voluntary organizations in welfare services, social origins theory seems to assume a conflict following from the idea that the public and third sectors are seen as alternative providers, and that the former was preferred. Church related welfare was absorbed by the public sector. This has some bearing on the Norwegian case. With the reformation in 1536 the Church at first lost the opportunity to help the poor since the King controlled income and the ideology was to encourage people to work rather than beg. The hospitals were taken over by the local communities. In the 17th and 18th centuries a secular system for poor relief was established often with the priest in charge, in addition to the poor law authorities and jails. From the middle of the 19th century, religious and humanitarian organizations became important in this field (Kuhnle 1983).

From this point in time, voluntary and public sector welfare provision have grown simultaneously. Norway was already on a route leading to universal, citizenship-based welfare institutions, but there

has always existed space for voluntary organizations as providers of welfare services defined in collaboration between public and third sector. As needs were uncovered, it gradually became clear that the voluntary sector was far from having the necessary capacity. In that sense, the third and the public sector were never actually viewed as alternative providers of welfare services.

There are some differences between the Nordic countries in this respect, but we will not explore them in full complexity here. In short, the development of the welfare state in Finland took place so late that the voluntary organizations still are of great importance in the welfare services. The role of the voluntary organizations increased during the Finnish recession and mass-unemployment that followed from the collapse of the economies in the former Soviet republics (Helander & Sunback 1998). Sweden has been on a route to a universalistic welfare state for a longer time, and has gone much further, even if the tide now seem to have changed in favor of increased involvement of voluntary organizations (Lundström & Wijkström 1997). Norway is in an intermediate position, where there is an universalistic public policy, particularly in compulsory education, basic health services, and the social services for sick, elderly and handicapped. Although voluntary sector providers exist, they have in many ways been so closely integrated into the public system of finance and control that hardly any differences in services or ideology exist. However, the policy in other subfields is much more pragmatic, and the services more differentiated.

8.3 A Social Movement Model

Social origins theory in general terms seems to be correct when it comes to the size and composition of employment and volunteering in Norway. However, it seems to underestimate the extent to which the voluntary sector in fact relies on income from fees and charges, rather than donations. The theory also has problems with explaining the extensive membership and volunteering in Norway. According to the theory, membership organizations were given opportunities to grow because they were instrumental for the political mobilization that

underpinned the social-democratic regime. This explanation underrates the ideological variety we have seen these organizations represent.

This set of unaccounted-for characteristics are not superficial phenomena, rather they indicate that the causal mechanisms social origins theory relies upon are incomplete. The theory leaves too small a role for social movements other than the labor movement, and fails to take into account the full breadth and strength of the social movement tradition that the membership organizations and a culture of participation indicate. Norwegian society, rather than being dominated by one social movement, has been a field where many social movements have struggled for political influence and cultural expression.

This can be illustrated by a quick look at some important Norwegian historical divides. The liberal Left party was successful in mobilizing the counter-cultural social movements and the city radicals in the first “political” election in 1879. This was the leading political force until the Labor Party was able to get to power in a red–green alliance in 1935, and the labor movement has been the more successful in this competition since, although the position has been weakened since the beginning of 80s.

There has also been major setbacks, such as in the EU struggles in 1972 and 1994, when, contrary to the Labor Party’s stance, the countercultural social movements with deep historic roots were successful in mobilizing against Norwegian membership. These other movements have had links to particular parties, such as the Left, the Center Party, or the Christian People’s Party, or have sought influence from different parties from case to case. In many important social questions, they have had great influence within their special fields in this way.

The social democrats have been the leading political force in particular in the post-war decades, but not hegemonic to the extent that social origins theory presupposes. The ability to dominate politics in Norway has been limited by corporate-pluralism and a diversified party system, where Labor Party majority in parliament was lost in 1965. Between 1965 and 2000, minority Labor cabinets governed

most of the time, interrupted by intervals of non-socialist coalitions, or minority conservative cabinets. At the end of the 70s there was a rise in conservative voting, and there were conservative and non-socialist cabinets from 1981–1986. Since then, the traditional ideology of the labor movement has lost ground to a belief in the market as a mode of regulation in an increasing number of fields (Furre 1991; Sivesind et al. 1995). This redefinition of Labor Party policy and target-groups has continued with varying degrees of success in a more unpredictable political setting. In the municipalities that have a central role in provision of welfare services in Norway, the influence of the social democrats has varied strongly across the country and over time.

This look in the rearview mirror shows a rather open political system where other social movements and political parties have given important inputs to the formation of Norwegian society. This openness is accompanied by a state-friendly ideology that is pervasive in Norwegian society where voluntary organizations are an integral part of cultural traditions. There is a high degree of proximity between the voluntary and the public sectors when it comes to communication and contact, while dependence on the public sector by means of finances and control have been less prominent features (Kuhnle & Selle 1992). In such a political system social movements and interest groups have easy access to the system and extensive possibilities to influence public policies (Rokkan 1967).

A “Scandinavian model” of welfare provision, with a relatively strong element of citizenship rights and state responsibility for welfare, can be discerned in programmatic statements even before the turn of the twentieth century, i.e. before the extensive growth of the Labor movement. The Left party was advocating a social insurance model, often supported by the conservatives, while the social democrats increasingly backed a tax-based system with means testing. The urge to include the whole population in the social insurance and security system was stated more or less explicitly as the ultimate goal by several actors (Kuhnle 1981), but this was only gradually realized field by field over a long period. The social insurance model chosen in 1967 is, as we saw, a prominent example that illustrates the complexity of the Norwegian political system. It is the end product of a long historical

development in which several social forces have taken part, ending with the institutionalization of the universal welfare state.

In contrast to other Scandinavian countries, both commercial, market-based organizations and non-profit, charitable organizations were poorly developed in Norway when state social insurance was put on the political agenda following Bismarck's large-scale insurance schemes for industrial workers in Germany. A new and more active role of the state gained wide acceptance after 1870-80 and, at the time of this ideological change, few private or voluntary organizations offering social insurance or other welfare related services existed. Although all Scandinavian countries found an active role for the state in welfare matters almost from the beginning, Norway was the most inclined to adopt the then highly controversial principle of compulsory social insurance. The reason was that if the state confined its role to subsidizing voluntary insurance offered by non-governmental organizations, it would reach few groups, and certainly not the most needy ones. Moreover, private philanthropy was sparsely developed and not able to cope with rapidly rising social needs, and thus did not represent an alternative to public welfare institutions (Kuhnle 1983).

The broad general welfare organizations were on an ideological level in favor of public responsibility in most cases (Kuhnle & Selle 1990). In this perspective the Nordic countries represent "state-friendly societies" (Kuhnle & Selle 1992) with a large extent of coordination through shared goals rather than through forced hierarchical command, or coordination of a corporate-pluralist type where the state is involved in a political struggle between self-interested, powerful, organized actors. This leads to a questioning of key assumptions in pluralist and corporatist theories as to what is "public" or "private". These general welfare organizations working for others have been change-oriented institution-builders, innovators, and educators. But rather than just expressing important distinct values and being in conflict with government, they have represented a force in the ideological and organizational transformation towards increased public responsibility. Due to the scope and character of the social problems that are confronted, they have in many cases considered public solutions as better suited than private ones. However, these processes of

cooperation and consultation have been less comprehensive for specialized organizations which worked mainly for the improvement of the conditions of their own members.

As welfare professions gradually have penetrated voluntary welfare services, welfare organizations have become deeply integrated in public welfare provisions, in ways that tend to negate ideological differences. In religious and humanitarian welfare institutions, there were several cases of ideological and political struggles when social institutions run by religious organizations in the post-war period were increasingly controlled by municipalities and lost most of their spiritual profile in the process (Lorentzen 1994). At times the voluntary welfare providers have attempted to combine the best of all worlds: High autonomy as carriers of public welfare services, combined with a high degree of public support.

The bottom line is that the development of modern Norwegian society from the mid 19th century is closely linked in several ways to the growth of huge social movements and the numerous associations and organizations in and around them. In fact, the period from the end of the nineteenth century to the present day may be described as the "Age of Associations." While in many countries the dominant type of voluntary associations could be described as service-producing, not-profit distributing, non-governmental organizations, the characteristic Norwegian type are membership organizations, connected to or modeled after the social movement tradition. By emphasizing the historical origins and crucial role of democratically based social movements with broad and differentiated organizations supporting them, we wish to shed light on the fact that history matters. The associations and institutions established at one point in time influence the choice of direction at later stages.

The social movements were characteristic in ideology, structure, and role. Ideologically, they represented explicit values, which were often in radical opposition to the dominant social order. They were change-oriented and directed their activities outwards – to society at large – rather than towards their own members. Nonetheless, the members were strongly committed to the movements and their purposes. The movements' internal structure was democratic and

membership-based. The local level was linked to a national level in a formalized manner for the most part, and often there was a regional level in between. For the local branch, these democratic channels implied a potential influence on the national organization.

The role of voluntary organizations in social movements varies between subfields. First, in some parts of welfare services where an universalist public policy dominates, the organizations have been pioneers, educators, and presented their perspectives in processes of cooperation and consultation with public authorities. In this way the organizations have contributed to determine the size and role of the voluntary sector welfare provision. Second, in other parts of welfare services, public support does not preclude pluralism, and the voluntary organizations' have been able to fill their services with contents that are in line with their ideology, such as in treatment of drugs and alcohol abusers. However, there are cases where the organizations have been less successful in this because of their dependence on public contracts, *de facto* public control, ideologies carried by professional employees, or other factors. Third, in membership organizations autonomy is granted to a large extent in internal organizational affairs. Public support represents a smaller share of the funding, and it is mainly determined by level of activity and not its content, although project support has been increasing. At their best, these organizations have represented important channels between the local and central level in society, and individuals have received information about significant social and political issues, alternative possible outcomes, and how decisions between them can be influenced.

In the late 19th century, the vast majority of voluntary organizations were formed around the six most important social movements (the farmers' movement, the labor movement, the teetotalist movement, the laymen's movement, the language movement, and the sports movement). As late as the mid 1960s, the preeminence of these movements was still quite clear. However, the extensive growth of social welfare organizations until that point in time slightly shifted the balance. From the mid 1960s, new organizations increasingly developed outside of the movements as a result of the growing leisure society. Even so, the new organizations chose the traditional

organizational structure with almost no exception. Thus, even though the social movements themselves and the ideologies they represented were weakened, pivotal elements of their structure prevailed (Selle & Øymyr 1995).

The social movements set a standard for how associations chose to organize in Norway for more than a century, even though the purposes of new organizations were different. Thus, the tradition they created had consequences reaching well beyond the confines of the movements themselves. Heritage from this tradition is the source of many of the defining traits of the Norwegian voluntary sector; its strong emphasis on participation and democracy, the strength of the membership institution, the absence of an institutional divide between national and local branches, and the nearness to the public sector.

This tradition helps explain the features left unaccounted for by the social democratic model. The social movements have been vehicles for self-expression and political mobilization for farmers and workers and the counter-cultural peripheries, and later for feminism, environmentalism, and many other issues, not only for the labor-movement, as expected from social origins theory. There has been a high degree of organizational pluralism; the different social movements have their own agendas and they have been able to make their voices heard.

The social movements have even been important in shaping the field of welfare services, as we have seen. Social origins theory seems to assume a conflict between the public and third sector since public sector was the preferred provider of welfare services, but there has also to a large extent been coordination through shared goals, in particular between broad general welfare organizations and the public sector. Thus, the fact that the labor movement was able to exert effective political power is just a *part* of the explanation of why there are large public social welfare expenditures in Norway. Processes of cooperation and consultation between the voluntary and public sector adds to this explanation.

In short, social origins theory seems to leave a too small role for social movements other than the labor movement, and it fails to take into account the full breadth and strength of the social movement

tradition. This makes it difficult to come up with a satisfactory explanation of the extensive membership, volunteering, and revenues from fees and charges outside of the welfare services. To explain the characteristics of the voluntary sector in Norway a “social movement model,” as presented above, within which the labor movement is of central importance would seem to point to a more complete set of causal mechanisms than the “social democratic model” does. It explains the extensive volunteering that is important for the high levels of fees and charges because it may enhance income from sales of goods and services. This model can in a longer and more continuous perspective explain some of the most genuine and viable aspects of the voluntary sector in Norway. However, as will be seen in the next section, the social movement model is now under strong pressure both from the outside and from within.

III. Recent Developments

In Part I, we showed that the development of modern Norwegian society from the mid 19th century is closely linked to the growth of broad social movements, gradually differentiated into numerous associations. These were ideologically active in the Norwegian society up to the 1960's. In the following decades one can observe that the political and ideological influence of the first movements' successors gradually was weakened. Part II presented and explained the current situation of the voluntary sector as characterized by a small welfare services field, but with extensive levels of volunteering, in particular in fields characterized by membership organizations with roots in the traditional social movements.

Part III will discuss ongoing changes that we believe have the potential of altering the situation. First, we will give a more general overview of recent changes resulting from a weakened social movement tradition. Second, we look at the recent changes in the composition of organizations on the local level. Third, we look at the tendency of some voluntary organizations to treat their members as customers. Fourth, we describe changes in the relations to the public sector. We then conclude by emphasizing some empirical and theoretical implications from this study.

Decline of the Social Movement Tradition

The classical organizational structure characteristic of the social movements was not truly challenged before the 1980s, when new types of organizations emerged. Some (but not many) national organizations appeared which were not membership-based. The weight put upon active membership diminished, even within traditional associations. New local activities popped up independent of any national association. The majority of local associations formed in the past five years are not affiliated with a national organization. This structure was almost inconceivable twenty years ago.

Most often, new groups have organized in one of three forms: as traditional associations, as non-profit institutions, and to a lesser degree, as cooperatives in more network-like “grass-roots” forms or in semi-autonomous publicly financed and initiated local initiatives. Public and para-governmental organizations, and to a lesser degree private firms, have also started to exploit the idea of voluntarism.

Associations have generally become more professionalized and oriented towards the state and increasingly towards the market. They have become more dependent upon public grants and cooperate more closely than ever with governmental bodies. Furthermore, they have increasingly started to look for private donors in trying to develop closer relations with private business, while at the same time adapting to a new leadership-oriented “management-ideology.”

Furthermore, even though many of the older organizations and social movements still endure, their organizational strength and political and cultural influence is severely weakened (with the

exception of the sports movement). To some extent, they have adapted to the current ideological changes. Both older and newer organizations are becoming less ideological, more pragmatic, and narrowly or functionally focused; they do not want to change things as dramatically, and they do not necessarily believe in expanding their ideas to the public at large.

Currently, organizations rarely use ideology in order to attract members. Instead, they argue for their legitimacy with reference to the functions they serve socially and culturally. Few new organizations seem to have a comprehensive political program challenging the established “consensus.” Nor do they have any new, overall visions of “the good society.”

A profound transformation of the sector seems to be underway. The result may be a break with some of the most typical features of Norwegian voluntarism in the past. We see severe pressure on the core on Norwegian voluntarism; the organizational society that has the local branches as its basis, which is member based and democratically structured, binding the individual both to the local community and the national society at one and the same time through a hierarchical organizational model.

Recent Changes at the Local Level

What changes in the voluntary sector can we observe as a result of the weakening of the social movement tradition? So far we lack time series data on employment, expenditures and revenues. Fortunately, newly gathered data on local level associations may indicate some changes in the composition of the sector.

The total number of associations is approximately the same today compared to ten years ago, compared to an increase of 25 percent between 1980 and 1990 (Selle & Øymyr 1995).²⁰ But underneath this apparent stability, both the types of activities and the organizational structure of the associations are changing. Figure 7 shows the development in number of associations within different ICNPO-categories from 1990 until 2000.²¹

As the figure shows, some categories have grown extensively at the expense of others. Measured in percent of the entities existing in 1990, the education associations have been most severely hit.²² In terms of absolute numbers of associations, however, the religious associations have experienced the strongest reduction. Almost 40 percent of the 1,083 mission associations existing in 1990 disappeared over the past decade, and very few new ones are founded.

Another historically important group gradually losing appeal

20. The surveys of local associations were conducted in 1988 and 1999. For reasons of simplicity we refer to the years 1990 and 2000 instead.

21. Bergen is left out because there was no corresponding survey in 1988. Six other municipalities are also omitted because we lacked information about the destinies of more than 20 per cent of the associations registered in 1990.

22. This category consists of mainly adult/continuing education organizations.

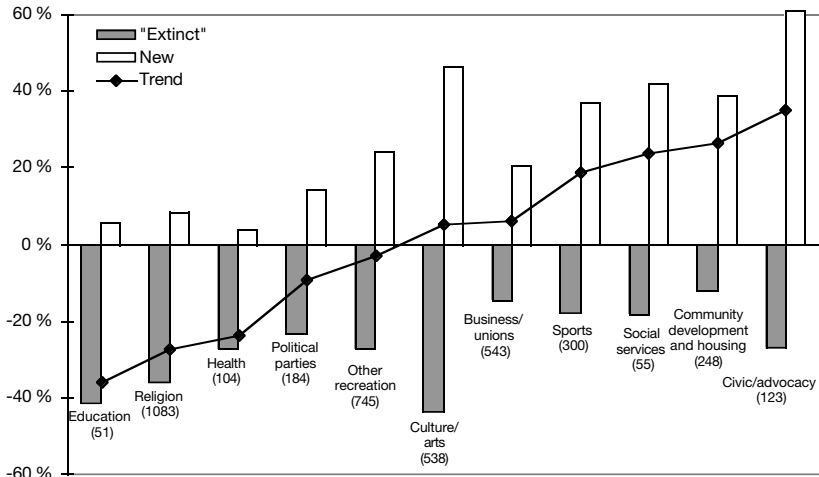
consists of the traditional humanitarian organizations, which covered a broad spectrum of issues concerning the public's health and social conditions. The major organizations within the health field have lost one out of five local branches over the past ten years. The same tendency is clear for associations with a social purpose classified in the "Other recreation" category.²³ The only broad humanitarian association faring well is the Red Cross (social services).

However, a relatively new type of association, at least at the local level, is filling the void left by the broad humanitarian movements. The interest associations for the handicapped (classified as civic and advocacy) have proliferated at an impressive speed over the past decade. In fact, their numbers have doubled. Individuals participate in associations that further the interests of their specific diagnosis category instead of engaging in broader, general welfare associations. On the other hand, the members recruited to these new associations are different from those previously active in the broader humanitarian associations – for example, quite a large proportion of them are men. An even more extensive growth in the civic and advocacy category is prevented first and foremost by the decline in support for the teetotalist movement.

The negative trend for the "other recreation" category tells only a part of the story. Generally, the most leisure oriented types of

23. This includes the *Norwegian Women- and Family-Associations* (formerly the *Norwegian Housewives' Associations*) and the *Norwegian Society of Rural Women*. The choice of where to classify these organizations was among the most difficult decisions we had to make in adapting the ICNPO-system to the Norwegian context. While certainly filling a social function, the housewives' associations also perform advocacy functions and to some extent provide welfare services. They are in other words multi-purpose (Wollebæk 2000, 41-42), and it is an almost impossible task to correctly decide which activity is more important than the other. After careful consideration and communication with the organization itself, we chose to classify the national organization as "civic and advocacy" and the local branches as "other culture and service clubs" that includes membership organizations providing services to members and local communities. The Norwegian Society of Rural Women is part of a larger movement with a manifest political purpose, but is not particularly politicized itself.

Figure 7. New and "extinct" associations in rural municipalities in Hordaland county 1990-2000 (per cent of number of associations in 1990).



NOTE: Includes 22 of 34 municipalities. Numbers in brackets refer to the number of associations in each category in 1990. ICNPO-groups with less than 25 associations have been left out of the analysis (Environment, International and Philanthropy).

associations are growing rapidly. Leisure, sports and culture associations for adults are gaining ground, with an astounding growth of nearly 40 percent in the number of associations over just one decade.²⁴ The expansion of number of sports clubs is caused mainly by new activities gaining popularity in Norway (e.g. golf, karate, kick-boxing, baseball, bodybuilding and windsurfing). In earlier times, new disciplines would be integrated in already existing clubs covering a wide range of sporting activities. Now, by contrast, new and independent associations have been founded. Nonetheless, most of them choose to join the Norwegian Confederation of Sports to be able to take part in international competitions, because this gives them

24. This is a continuation of a uninterrupted and strong expansion since the 1960s.

access to governmental support, and partly because of the prestige inherent in being a real sport and not merely a leisure activity.

The expansion of leisure activities for adults is countered by a nearly as strong decline in associations for children and youth over the past ten years. Forty five percent of the existing associations directing their activities primarily towards younger age groups “died” in the 1990’s, and only half as many were founded. The downward trend is strongest for the religious children’s associations, such as Sunday schools, children’s mission organizations and scouts, but the reduction is strong even among organizations without a Christian purpose.

Two other types of organizations are also expanding. The net growth in the social services category is high measured in percent (24), but comparatively low (13 associations) measured in absolute figures. The newly founded associations in this category²⁵ share one important characteristic: none of them are membership organizations in the traditional sense. The second expanding type, the local community associations, has the most extensive growth measured both in relative and absolute numbers. At the very local level, that is, even smaller areas than the municipalities, they have in a very short time become the dominant type of association. These groups typically further the interests of, an extremely local area, such as a street or a neighborhood, and engage in a narrow set of issues such as playground facilities, roads, or street lights. Often they have direct channels of communication to the municipal administration, or are even founded by the municipality (Aarsæter & Røyseland 2000). They are almost never linked to a national organization, although such an organization has existed for a long time.

The large and important “culture and arts” category is characterized by a high turnover. Among music, theatrical and dance groups of different kinds (choirs, brass bands, amateur ensembles, and others) almost half of the associations existing ten years ago are “extinct”

25. This category includes three different groups, cooperative family-run children’s day care centers, parents’ street patrols aimed at preventing excessive drinking among their offspring (the Nightravens) and newly established subgroups for the Red Cross.

today. However, new groups replaced those who disappeared. The turnover is significantly higher than it was between 1980 and 1990.²⁶ This reflects a trend in which cultural expressions are changing in form and content more quickly than ever before.

This also reflects the more profound phenomenon of the decline of the traditional hierarchical structure, wherein the local branch is linked to a national organization. This trend is particularly strong among the culture associations. This development surfaces in our material as instability and increased turnover. In periods with declining recruitment or activity level there are no representatives from further up in the organizational hierarchy who can intervene. The absent affiliation with a larger “project” weakens the loyalty of members, and the association becomes more vulnerable to changes in their motivation and capacity. If this trend continues, and we believe it will, the Norwegian voluntary sector is moving towards a two-part organizational society, where the national level is institutionally separate from the local level.

The main development trends in the local level associations is, first, a growth in individual focusing activities (Wijkström 1995). Organizations directing their activities towards their own members’ interests (leisure or otherwise) are expanding, while activities directed towards the community at large are in decline. Second, there is increased instability in the local branches of the sector, which is a direct consequence of the institutional separation of the local and national level. Third, new organizations are more specialized than their predecessors.

26. In the eighties, 25 per cent of the song, music and theatrical associations existing in 1980 disappeared, while 30 per cent (measured in number of associations in 1980) were newly founded (Selle & Øymyr 1995: 213).

Increasing Marketization?

There are not only changes taking place that affect the composition of the voluntary sector. There are also changes in the membership institution, as the members in some organizations are increasingly viewed as customers. What consequences does this have for the members' relations to the organizations?

In Norway lotteries have for a long time been an important income source for voluntary activities. As Norwegians gradually have increased their personal incomes and their enthusiasm for gambling, lotteries have been perceived as a lottery market, a marketplace where associations compete for the stakes of the gamblers.²⁷ The lottery market has been supplied by a "sponsor market"; mostly for-profit firms that want to support certain purposes or improve their public image. These types of marketization have enlarged the income potential of voluntary associations, and have opened up for new, businesslike ways of thinking among the professional staff.

Maybe more important than these structural changes at the income side are the new trends in associations' view upon those who support associations. Here, one can observe an ideological change from the traditional view of individuals as "members," "adherents," "sympathizers" or "participants" to *customers*. An identity placed between members and markets created dilemmas and difficult balances for the associations. On the one hand, incomes were dependent upon favorable

27. During the years from 1984 to 1988, the number of private, national lotteries went up from 32 to 51, and their incomes increased by 142 percent. During the same period, governmental controlled lotteries increased their incomes by 72 percent.

offers that attracted new members. On the other, the identity and political profile of the association ideally ought to reflect the member's interests. Placed in a squeeze between market and members, disconnecting commercial activities from the democratic structure was one strategy applied by the paid staff to solve the problem.

Treating members as markets illustrates one kind of marketization that can be observed also in social-oriented voluntary associations. When new members are motivated by economic incentives, one may suppose that their interest in organizational participation will be small. A shift from normative to economic incentives will probably also weaken the incidence of volunteering, of unmediated communication, and the reciprocity between members. This means that treating members as customers also will weaken their community properties.

This highlights the relationship between consumerism and social belonging, and illustrates the process where the identity of members gradually changes from volunteers motivated by the values, goals and the normative viewpoint of the association, into consumers – individuals motivated by economic incentives. As consumers, members have quite different roles than volunteers. Generally, consumers will not be interested in developing the values and the normative standpoints of the association. In case of differences of opinion they are more likely to exit than to involve themselves in discussions. However active, not just passive, members can be treated and even see themselves as customers, such as in golfing clubs and adult education.

What are the reasons for the shift in the membership role from participant to consumers in some organizations? In a historical phase with falling interests in ideological and political matters, many associations have experienced difficulties with keeping up their membership base. In this situation, using economic or consumer incentives are tempting, since they may stimulate reluctant members to pay their annual fee. And for the paid staff, a member is a member, whatever his, or hers personal motives could be.

Another mechanism should also be mentioned. In Norway, large groups of associations, particularly those for children and youth, receive money support from the government. One important criterion used by the state to decide the size of the support is the number of members

within each association. This incentive motivates associations to recruit new members by, on the one hand, “selling” memberships cheaply (particularly when governmental support per capita exceeds the membership fee) and, on the other hand, using different types of rebates as economic incentives for recruiting new members.

A third explanation can be related to the growing number of for-profit activities within spheres that traditionally have been dominated by civil and voluntary associations. The sectors of sports, leisure and cultural activities are increasingly invaded by for-profit offers that challenge the traditional monopolies of associations. Many community based associations experience decreasing numbers of members, as people gradually prefer for-profit services. Buying commercial services neither implicates voluntary obligations nor involvement in time consuming democratic processes. For those who are looking for efficient and not too time consuming leisure activities and nothing more, commercial activities may be functional alternatives to civil ones. Consequently, many voluntary associations are facing a dilemma: On the one side the possibility of losing all members, on the other a modernization of their activities, a process that may lead to commercialization of activities, and increased use of paid and professional staff instead of volunteers. In this process, some associations die, while others manage to go through a process of modernization (Selle & Øymyr 1995).

A shift from volunteering to consumer-members can be seen as an emerging trend in several types of organizations in Norway, representing a radical break with the self-understanding of voluntary associations. As mentioned, they traditionally have been legitimized as *movements*, carriers of dominant values, such as with teetotalism, religion, solidarity, language and culture (Selle & Øymyr 1995; Micheletti 1994). Democratic decision structures and high membership rates always have been at the core of their identities, and consumerist trends create tensions between their old identities and the new ones. However, the high levels of volunteering in Norway, in particular in culture and sports, indicates that this still is a limited phenomenon. As yet, members in general do not just see themselves as customers without any obligations to their organizations.

Relations to the Public Sector

Most voluntary organizations in Norway have established close contact and cooperation with public authorities, while at the same time being largely autonomous associations. Thus changes in government policies significantly affect the voluntary sector and voluntary-government relationship. The public sector has a decisive role in defining the space within which the voluntary sector operates. What recent changes have taken place regarding the relations between the public and the voluntary sector?

The ideological climate since the 1980s is very different from that of the 1900 and 1950s, and the relative size of the public sector and of the affluent middle class is much larger. This implies that the welfare model characterized by universal social policy schemes, a large role for the state in organization and financing, and a unified organization of social security, may come under pressure, and the result may be significant structural change. There may be both domestic and external reasons. Domestically, pressure has slowly built up over the last two decades because of the growth of occupational welfare of different kinds, the effects of fiscal welfare on the growth of private, individual insurance, and the decentralization of responsibilities for some health and social services. The Norwegian welfare state is becoming organizationally more fragmented and faces the danger of becoming socially more segmented.

There is growing skepticism towards centralized welfare planning. The need for municipalities and local administration to model social services with flexible structures and adapt them to community needs was acknowledged in Norway as well as in other European states. During the early 1980s, several reforms made it possible to allocate

governmental block grants for different sectors of the municipality. One intention was to obtain greater flexibility in the distribution of local resources in accordance with local needs.

The years around 1980 marks the end of an era for the Norwegian welfare model. There does not seem to be a particular reason or cause for the changes that took place during these years; one may rather talk about several independent development trends that emerged and laid the ground for new perceptions of voluntary welfare provisions. From the end of the 1970's social scientists became increasingly critical of traditional welfare solutions in the Nordic countries. The Finnish philosopher Georg von Wright (1978) criticized the national state for contributing to the "dehumanizing" of the world. In his book *Whose Keeper?* (1989), the American sociologist Alan Wolfe painted a rather critical picture of the Scandinavian welfare model. In his opinion, it has assumed the duties that previously belonged to the family and the community. But among Norwegian social scientists, such critics were rare. Social scientists tended to defend state welfare against what they perceived as right-wing attacks (Fugelli 1984, Grund 1985).

Mounting concerns for social exclusion increased the interest of voluntary solutions. The phenomena of marginalization became visible during the late 1970s, and the process of ending institutional care, at first for psychiatric patients, later for the elderly, mentally retarded and other groups, was introduced. But the reforms soon revealed that redeemed citizenship rights do not guarantee social integration; friends, good neighbors, work colleagues and so on.

The proliferation of self-help groups from the 1980s and onwards also revealed a problem related to traditional welfare services. The perceived emotional deficit in many professional services became even more visible as demands for increased efficiency reached these public services. Psycho-social problems were handled in small, intimate groups, most of them based upon knowledge-through-experience, and administered by amateurs. Self-help strategies turned out to be inexpensive and flexible solutions, and they gradually became a useful tool for in public reform work (Høgsbro 1992, Gartner & Riessman 1984).

These trends can also be seen as signs that intimate ties are

weakened by a fragmentation of society, and support and self-help groups serve as a substitute for people hurt by this process (Putnam, 2000). The establishment of self-help groups even seem to presuppose the anonymous and modern urban life; in local communities where people see each other in different social contexts, it is hard to establish the necessary intimacy.

These welfare problems were among the reasons for renewed public interest in the voluntary sector in the 1980s. In 1988, the first governmental report on voluntary associations was published under the title of *Frivillige organisasjoner* (Voluntary organizations) (NOU 1988:17). For the first time, a broad historical presentation of the voluntary sector was given, and several wide-ranging reforms suggesting tax-deduction as an income source for voluntary associations were proposed. In sum, these reforms suggested a policy change, from direct governmental support of voluntary agencies, into a system of public subsidies by means of tax deductions. The government did not, however, follow up these proposals, and the report did not lead to any policy reforms. But undoubtedly, this document of more than 400 pages contributed to improve the understanding of associations as a sector of its own, and not merely as a multitude of individual associations.

In 1997, the government presented a report to Parliament: *State relationships to the voluntary sector* (*Statens forhold til frivillige organisasjoner*). For the first time in history, the government presented a general policy towards civil associations. Here, the ideology of civil society may be regarded more as for a local orientation:

It is the opinion of the Government that a living and active civil society is a precondition for a further development of the welfare society. Voluntary associations constitute an essential part of civil society. By means of a great multitude of activities, people are connected in social networks that give meaning to life (St. meld. 27, 1996/97).

The message here is the government's intention to stimulate local, community based activities. By emphasizing such local activities, the government also made it clear that it did not necessarily regard associations with a staff of paid employees at the national level as the

most suitable tool for this purpose. Any state-critical elements are, however, hard to find in this report. The government did not stress the autonomy of the associations, but rather their ability to contribute to the realization of public welfare goals.

A further change in relations between the public and the voluntary sector can be related to the welfare hybrids that emerged during the 1980s and 1990s. In several fields, the borderlines between public and civil responsibilities became diffused. Voluntary associations and non-profit activities have been integrated in the public sphere in ways that at times make it difficult to categorize an activity as either “public” or “private.” The reasons behind this development seem complex. At times, hybrid organizations give room for more flexibility and innovative solutions than public ones. Cooperation between municipalities and voluntary associations also makes voluntary resources available for the solution of public welfare goals (Lorentzen & Røkeberg 1998).

During the 1990s, public authorities increasingly imitated organizational models of the non-profit sector. Volunteer centers and self-help groups were established within the municipal service structure (Lorentzen, Andersen & Brekke 1995) Associations for the unemployed, associations for patients and clients and umbrella associations were set up and financed by public authorities. Private foundations, formally independent but in practice dependent upon state financing, are increasingly applied as a tool for realizing public goals.

Historically, many voluntary organizations have from the start collaborated with and received financial support from public authorities. This is the tradition for integrated co-operation in which “contracting out” (Smith & Lipsky 1993) or even “third party government” (Salamon 1987) have their own meaning and do not imply lack of governmental legitimacy, but rather develops out of less ideological and more pragmatic reasons (such as tight budgets).

In order to understand the contemporary changes in the welfare state, which we think are comprehensive, we believe it is vital to understand the difference between the “old” system of cooperation, basically founded upon close integration and mutual trust, and the

new contract culture with more focus on competition, time-limited contracts, legal control and accountability, but also greater ideological freedom regarding the content of the services provided by the organizations. These recent changes lead to the development of a new contract culture, in which key words are “management by objectives” and “new public management,” with an emphasis on deregulation, decentralization, efficiency, privatization and contracting. These concepts, which to a large extent are imported from the vocabulary of business administration, are now penetrating the traditional institutions of the Norwegian welfare state and the social-service-producing voluntary organizations alike.

The renewed interest for the voluntary sector in the 1980s was caused by concerns for social integration and the quality and costs of welfare service provision. Self-help groups replaced intimate ties that were weakened by a fragmentation of society. Welfare hybrids have started to creep across the borderline between the public and the voluntary sector from both sides. Even in fields where voluntarism still is essential, a process of professionalization of services and introduction of new management concepts create paradoxes and contradictions. These trends challenge what we found in the first main part to have been essential characteristics of the Norwegian voluntary sector; democratic forms of organization, amateur-based voluntarism, and the social movement tradition with broad, outward oriented goals for society. These ongoing changes seem to point in the direction of an increasingly pluralist voluntary sector with indistinct borderlines.

IV. Conclusion

Empirical Implications

Altogether these trends challenge the traditional order of the Norwegian voluntary sector. They do not mean – at least, so far – a fundamental break with the democratic and voluntary tradition. Organizational adoption (centralization, institutionalization and so on) and political co-optation are not new. Old organizational forms are still there, and many new organizations adhere to these traditions. But they do challenge and break with historical roots in so far as they often produce new and less hierarchical organizational forms. These new types of organizations often have centralized leadership, but no specific ideology or political program; they explore market-oriented and private management inspired strategies; they shift attention towards new forms of welfare provision; they introduce contracts both towards public authorities and with regard to their volunteers; and they gradually undermine the notion of voluntarism and the distinction between paid and voluntary work. The weakening of the role of the traditional social movements and the growth of organizations which are not membership based and democratically built indicate that we may now be in the midst of a transformation of the voluntary sector, gradually eroding some of the historically important characteristics.

The voluntary organizations' role as welfare service providers will not necessarily be reduced in the future, but it will survive on the mercy of an increasingly instrumentally oriented public sector. This situation produces professionalized organizations without membership, oriented towards narrow goals. The question is whether these traits of modernization at sight will make the Norwegian voluntary traditions closer to the Anglo-American model. The new model has not yet found its final form. However, it is almost certain

that a two-part organizational society will evolve, with a self-sufficient local level and a coordinating national level. In this model, the individual participant is connected to her organization with weaker ties than before, owing to the lack of an abstract sense of shared purpose with other members elsewhere and the absence of an overarching ideological “project.” This means that participants become less loyal and, consequently, that new associations are more short-lived. This is already evident at the local level.

Perhaps more importantly, it means that the participant is connected to society at large in a different sense than before. In a democratic perspective, the possibility of citizens to use the organizations as an alternative democratic channel is weakened when institutional ties are absent. The upshot of this is not necessarily less volunteering and participation, but a weakening of institutions of tremendous importance for democracy and social integration. Voluntary organizations become more peripheral in people’s everyday lives, their activities maybe less so.

It also means that participants are connected to society at large in a different sense than before. In a democratic perspective, this weakens the role of associations as alternative democratic channels. These changes are so profound that they also have theoretical implications. They challenge our understanding of voluntary organizations and the voluntary sector more generally in a society like the Norwegian.

Theoretical Implications

Our discussion of theories used in the explanation of size, composition and role of the nonprofit sector in different countries showed that conventional economic approaches did not suffice to explain the Norwegian characteristics. They ran into problems related to perspective, concepts and empirical evidence. The Norwegian voluntary sector is expected to be small, due to the large public sector and the homogenous population, and indeed it is small in terms of employment. However, it is large when volunteering is considered, in particular in relation to the size of the population. We have argued that volunteering in many cases is a substitute for paid employment in voluntary organizations. The fact that the voluntary sector in Norway is small in terms of paid employment is therefore not just a reflex of a large public sector. It is also a consequence of the strength of the social movement tradition and a culture of participation, that explains the high levels of volunteering. This means that the Norwegian voluntary sector is *different*, not small. There is thus little evidence to support the idea that extensive welfare states will have small nonprofit sectors.

Moreover, this shows that the hypothesis that a large public sector is crowding out the voluntary sector has a more limited area of validity than commonly assumed. In Norway, there has to a large extent been coordination through shared goals between the public sector and the broad general welfare organizations that in many cases have sought public solutions. This lends support to an argument for interdependence between the public and the voluntary sectors rather than competition and conflict (Salamon 1987). In addition, the extent to which public or business sector employment can be replaced by voluntary sector employment or vice versa differs from subfield to

subfield. In parts of the welfare services there is a universalist policy, in other parts the size of the voluntary sector depends on other factors than the size of public sector welfare service provision. When we look at the typical membership organizations, it should be clear that any crowding out hypothesis is of little value. This has to do with the conceptual problems of conventional nonprofit theories. One needs to use a combination of different theoretical models for different subfields.

Third, our presentation of the voluntary sector in Norway shows that a single dimensional economic perspective is insufficient. Political struggles and decisions, institutional arrangements, and historical processes are essential ingredients in an explanation of the role of the voluntary sector, not just the economic situation. A more dynamic and contextual perspective is called for.

The historical/institutional social origins theory, with its emphasis upon the role of the labor movement, at first sight seem to meet these demands. In general terms it even leads to correct expectations when it comes to the size and composition of employment and volunteering in Norway. As expected, there are extensive public social welfare services and a relatively small nonprofit sector, particularly in the welfare service field. There are also high levels of volunteering in the membership organizations, and low levels in the welfare service field. However, social origins theory underestimates the extent to which the voluntary sector in fact relies on income from fees and charges, rather than donations. It is also difficult to come up with a satisfactory explanation of the extensive membership and volunteering. This indicates that the theory fails to specify the correct causal mechanisms. It leaves a too small role for social movements other than the labor movement. The strong social movement tradition helps explain the extensive voluntarism, participation, and membership. It is also part of the explanation of the high levels of fees and charges outside of the welfare services, because volunteering in many cases enhances income from sales of goods and services.

It is true that the social democrats have been the leading political force in the post-war decades, but even so, they have not been able to dominate Norwegian politics to the extent that social origins theory

presupposes. This ability has been limited by corporate pluralism, a diversified party system, minority governments, and the central role of municipalities in welfare provision. Moreover, the many social movements have their own agendas and find ways not only to make their voices heard, but have also been an important forces in the implementation of public policies. As a replacement for the social democratic model derived from social origins theory, we suggest for Norway a “social movement model” within which the labor movement is of course of central importance, but far from alone on the scene. This model shares many basic characteristics of social origins theory since it is an historic/institutional theory, but it adds some essential causes and explanations.

A fundamental part of this social movement model is that it emphasizes the need for a differentiation between types of causal mechanisms in different subfields of the voluntary sector, primarily between welfare services and membership organizations. Even within these subfields there is a need for differentiation. In some parts of the welfare services a universalist public policy dominates, in other parts public support does not at all preclude pluralism. In the first case, the size of the public welfare provision and the interaction between public authorities and voluntary organizations are essential for understanding the size and role of the voluntary sector. In the second case, however, other explanations must be invoked since public and voluntary services to a less extent replace one another. In the latter subfield, we should also not underrate the voluntary organizations’ ability to fill their service role with contents that are in line with their ideology. In cases where they do not succeed in this, specific explanations must be sought, whether it has to do with the contracts with government, de facto political and ideological control, the ideology carried by professional employees, or other factors.

Furthermore, in membership organizations, where internal autonomy is a defining part of being a voluntary organization in the Norwegian context, one should not expect these organizations to be ideologically mute, or even active supporters of the ruling ideology. Historically, they have often been change-oriented and directed their activities outwards to society at large, rather than towards their own

members or internal affairs. Even if this orientation is changing, these organizations still represents a broad specter of ideologies and views of life. The size and role of many of the membership organizations to a large extent depends on structures and resources built up by the traditional social movements, but this does not prevent them from declining. The growing segments of the membership organizations, on the other hand, are oriented towards an increasingly differentiated and prosperous leisure society, or they are more specialized member service and advocacy organizations. Some of the membership organizations are independent from public funding (development and professional) while others get around one third of their income from public sources (environment, advocacy, culture, international and religious organizations). Since the 1970s, public support for these organizations has depended on their level of activity, but the share of project support is increasing. This means that the public sector increasingly affect the size and role of these membership organizations.

The public sector has a decisive role in defining the space within which the voluntary sector operates, but the means varies between the subfields as we have seen. The emergence of welfare hybrids, a contract culture, and new management concepts has the potential of changing this space and the role of the voluntary sector. Even if the social movement inheritance is still of great importance, it is less dominating, and the Norwegian voluntary sector probably will not be as characteristic as it historically has been. This makes it even more necessary than before to compare the Norwegian situation with what is going on in other countries. We need to understand these new types of voluntary organizations and new forms of participation, membership, and volunteering to be able grasp the role of the voluntary sector in the future.

Appendix

Data and Methodology

This appendix describes in general terms the basic data collection strategy and the structure of the data that are used by the Norwegian team concerning expenditures, employment, volunteering, members, organizations, and sources of revenues.²⁸ The baseline year for the Norwegian Johns Hopkins project is 1997. The most important sources of data are surveys of organizations and individuals that were conducted by or on behalf of the Norwegian Johns Hopkins team.

The data mainly come from five sources:

- Three organization surveys of “Membership organizations” (ISIC 91), organizations with international activities, and grant-making foundations;
- Information about welfare services from Statistics Norway;
- Information about particular organizations the Norwegian Johns Hopkins team has gathered from the central level of some large organizations, from reports and publications by Norwegian ministries, governmental agencies and offices etc;
- A survey of local level associations in the Norwegian county Hordaland.
- Our population survey on *Giving and Volunteering*;

28. In other words how we have proceeded to assemble and record data in accordance with the definitions, categories and methodological guidelines of the Johns Hopkins Comparative Nonprofit Sector Project.

Below, the general features of these five data sources will be presented, and, as a conclusion, the overall reliability and validity of the data will be addressed.

Organization Surveys

On behalf of the Norwegian Johns Hopkins study, Statistics Norway conducted three organization surveys.

Most important of these is a survey of “**Membership Organizations**” (ISIC 91).²⁹ The organizations were selected from the Business Register of Statistics Norway (*Bedrifts- og foretaksregisteret*). It covers organizations that need to be registered due to their economic turnover or their responsibility as employers. The register only contains information about economic turnover and the average number of employees in the previous year. The survey was designed to expand this information base in accordance with the requirements of the Johns Hopkins study. The survey thus covers FTE employment, operating expenditures, revenues from various sources, etc.

Statistics Norway mailed a questionnaire to a sample of organizations that had been active for at least 3 months in 1997. The study focused on top-level organizations (*foretak*) that were not registered as subsidiaries (*bedrifter*) of other organizations. Some of these organizations may themselves have subsidiaries, but far from all. This means that the study was designed to cover organizations that are employers, or have a certain level of turnover, and that are not subsidiaries of other organizations. The survey of local-level organizations was designed to complement this by providing national estimates for small, local-level voluntary organizations (see below).

29. The Norwegian SIC94 (Standard of Industrial Classification) is based on EU’s NACE Rev. 1 and UN’s ISIC Rev. 3 which have the same basic structure, but the former is more detailed. The first two digits in ISIC Rev. 3 and NACE Rev. 1 are identical. The Norwegian SIC94 in some categories adds a fifth digit to the four digits in NACE Rev. 1. (Statistics Norway (1994) *Standard Industrial Classification*. Official Statistics of Norway C182)

The survey sample was selected by the following procedures. First, the organizations in the category “Membership Organizations” in the Norwegian Register of Companies were screened for irregularities, and the population was adjusted to 4279 organizations. Then, the population was divided in 24 strata: Four strata according to number of employees, multiplied with six strata according to subcategory [Business and employers’ organizations (91.11), Professional Organizations (91.12), Trade Unions (91.20), Religious Organizations (91.31), Political Organizations (91.32), and Membership Organizations n.e.c (91.33)]. The sampling was structured as follows: The first stratum consisted of all the 15 largest organizations. The three next strata consisted of a total of 750 randomly selected organizations. 668 questionnaires were used in the analysis, which means that the response rate was a remarkable 89 percent.

In the statistical analysis, average number of employees in one year, turnover, and total revenue figures are derived from a complete counting of the whole organization population in the Norwegian Register of Companies. This covers some of the most important parts of the Johns Hopkins study. The other variables are statistical estimates calculated from the survey-sample data for each organization based on its register-figures and on which stratum it belongs to.

The organizations in most subcategories in ISIC 91 could easily be translated to ICNPO categories, except for 1,656 organizations, or 38 percent of the population, which belonged to the subcategory “Membership Organizations n.e.c” (91.33). These organizations were sorted in ICNPO categories by the Norwegian Johns Hopkins team as follows: About 20 percent to each of the ICNPO categories Culture and Arts (1 100), Other Recreation and Social Clubs (1 300), Business, Professional Associations and Unions (11 100); about 9 percent to Economic, Social and Community Development (6 100) and Civic and Advocacy Organizations (7 100); a small percentage to International Activities (9 100), Philanthropic Intermediaries and Voluntarism Promotion (8 100), and Environment (5 100); plus a few organizations to some of the remaining ICNPO categories.

Statistics Norway also conducted a survey of **international organizations**. The target group was Norwegian organizations that received support from NORAD (Norwegian Agency for Development Cooperation) to conduct activities in other countries, such as social development, economic development, peace, democracy and human rights, environmental and natural resource management, etc. The data were based on the organizations' annual accounts for the year 1997 in addition to information from the Norwegian Central Bank and The Fund-Raising Control (*Innsamlingskontrollen*). Due to overlap with information from other sources, in particular the survey of "Membership Organizations," only data from a small part of the sample organizations were in the end used in the Norwegian Johns Hopkins project. These organizations were classified as belonging to International Activities (9 100) or Civic and Advocacy Organizations (7 100). The survey covered information about operating expenditures and revenues from various sources. Employment was calculated from wage costs.

In addition Statistics Norway surveyed **grant-making foundations** (*fond og legater*) in Norway. Only foundations with the institutional sector-code 740 (Non-profit institutions serving producers) or 770 (Non-profit institutions serving households) were included and assigned to the category Philanthropic Intermediaries and Voluntarism Promotion (ICNPO 8 100).

Welfare services

Statistics Norway has also supplied information about organizations providing welfare services (ICNPO Groups 2-4). In these categories, we also had access to information about for-profit and public sector employment allowing us to estimate the "market share" of the nonprofit sector. In most cases only information about number of employees and operating expenditures was available.³⁰ FTE employment and

30. In primary and secondary education, operating expenditures were calculated by using costs per pupil in public schools. In nursing homes, costs per FTE employee

revenues were then calculated based on information from well-informed sources in ministries, governmental agencies, umbrella organizations, etc.

The institutional basis for a distinction between homes and home-based services is lacking in Norway, due to an increasingly integrated organization structure (*pleie-og omsorgsinstitusjoner og hjemmetjenester*). This makes it difficult to distinguish between *homes* for severely handicapped and frail elderly, on the one hand, and *services* for handicapped and elderly, on the other. To compensate for this, 35 percent of the FTE employment in Nursing Homes (ICNPO 3 200) with corresponding operating expenditures and revenues were moved to Social Services (ICNPO 4 100), in accordance with assumptions underlying the Norwegian National Accounts.

Particular types of organizations not covered elsewhere

In addition to these sources, we have gathered information directly from organizations and/or available statistics. This includes sports, adult/continuing education, shelters for women and children, rehabilitation of alcohol and narcotics addicts (classified as “Social Services n.e.c.”), volunteer centers (*frivillighetssentraler*), belonging to Philanthropic Intermediaries and Voluntarism Promotion (ICNPO 8 100), and the national level of some advocacy organizations for sick and handicapped people that were not covered by the surveys of membership organizations and international organizations.

The Norwegian Cancer Society (NCS) was classified as belonging to Research (ICNPO 2 400) because more than half of the operating expenditures went to research. This is particularly important since a yearly national televised fundraising campaign for humanitarian purposes chose NCS as its target organization in 1997, which boosted

were used to calculate operating expenditures for the cases where such information was missing.

the income of this category with 127 million NOK. The national level of the Norwegian Women- and Family-Association (formerly the housewives association) and the Norwegian Society of Rural Women were classified as Advocacy organizations (ICNPO 7 100), whereas the local level organizations were classified as social/service clubs (ICNPO 1 300) in line with recommendations of informants in the organizations.

Local level associations

The survey of local level associations covers the entire geographical area of one of the largest (in terms of population) among Norway's 19 counties, *Hordaland*. Hordaland consists of 33 relatively small municipalities, whose numbers of inhabitants vary between 350 and 19,000, and Norway's second largest city, Bergen, with approximately 250,000 inhabitants.³¹ The county was selected because of the existence of previous studies in 1980 and 1988, which facilitated the search for the local associations and allowed for analyses of development trends over time. Five municipalities declined to participate in the study.

The results from the more sparsely populated municipalities were aggregated to represent "rural" Norway. Equally, the results from Bergen were aggregated to represent "urban" Norway, i.e., towns and cities with more than 40,000 inhabitants. In our total figures, the local level associations represent approximately 20 percent of the expenditures in the sector.

The study was carried out in two phases: Firstly, the names, addresses and types of associations were registered, along with basic information about number of members, affiliation with regional and/or national organizations and year of foundation. This task was carried out in cooperation with the cultural administration of the participating

31. The Bergen study was carried out in 2000, one year after the census in the more rural municipalities.

municipalities. Secondly, the associations so registered received a mailed questionnaire from us, with more detailed questions about how they organize, their activities, their cooperation with other institutions, and their finances. The response rate to the questionnaire was a respectable 60 percent in the rural municipalities. In Bergen, the survey was less successful. For 764 of the 3786 registered organizations, the addresses were inadequate or incorrect. Among the 3012 who received the questionnaire, only 43 percent responded. Nevertheless, we have information about type, membership and organizational structure for a large proportion of the non-respondents, as we do in the rural municipalities, which allows us to estimate their expenditures and revenues with some confidence.

The economic data stems from the questionnaire. The list of organizations was cross-checked with the lists from the Central Bureau of Statistics and other data sources, our main data source in terms of economics, and the few organizations occurring in more than one register were omitted from the analysis. This excluded all organizations in the “other education” category, all health and social institutions, and some rather large organizations across the board.

The estimates for “rural” and “urban” Norway were carried out separately, and finally added together. In both samples, the annual expenditures of the organizations were estimated first. In the rural municipalities, we used the mean for each subcategory where N exceeded 50. Common means were estimated for Health (ICNPO 3) and Social Services (4), and for Environment (5), Civic and Advocacy (7 100) and International (9 100). In the rural municipalities, the subgroups in Development and Housing (6) were given a common mean.

In Bergen, a different approach was necessary. Being a large city in Norwegian terms, the variations within each category are larger in Bergen than in the countryside. We observed a strong correlation (.7) between membership and expenditures (grouped) in Bergen. This coefficient was much higher than in the rural municipalities (.4). Thus,

we used membership figures rather than type as the basis for our calculations. The average expenditures for each category representing membership figures were calculated, and the figures were added up by estimating the distribution on the membership variable for each subgroup. The only exception was the housing associations, which generally had a much larger turnover than all other types of organizations and a different cost structure. Here, separate means were used for each group representing number of members.

The method used in estimating number of employees was the same in both Bergen and the rural municipalities, and was based on the average number of FTEs in each subgroup. We used common means for the same groups mentioned above.

The distribution among different income categories was based on a question in the questionnaire about how the expenditures were covered. The responses were given in percent. These percentages were recalculated into absolute figures, and a distribution between different sources was estimated for each subgroup separately.

Giving, volunteering and membership

The bulk of the data on volunteering and membership stems from our *Survey on Giving and Volunteering*, a mail survey carried out spring 1998. The survey included 1,695 respondents (aged 16 to 85). The response rate was 45 percent. The results have been weighted for age and education because the sample had a slight bias towards the middle age groups and the more highly educated. Since the target group for the calculation of volunteers is 18 and upwards, respondents younger than 18 have been excluded from the analyses.

Giving and volunteering

The number of volunteers has been calculated by aggregating the number of persons in our sample who have volunteered in the past year for each category to the population as a whole. In many cases,

one person volunteered for more than one organization. These organizations are often located within the same ICNPO-category. Thus, the number of volunteers refers to the number of *volunteer efforts*. One person may be counted more than once in each category, if he/she volunteers for different organizations with similar purposes.

The number of hours is calculated by way of average time spent volunteering in the past month within each ICNPO subgroup. These figures have been multiplied by twelve, to represent the number of hours spent volunteering in the past year. In some subgroups, there were too few volunteers in order to extract means. This is the case for education, health, social services and environment. Here, we have used the average time spent volunteering for the main ICNPO group as a whole.

Some respondents did not provide the number of hours spent volunteering. These missing values have been replaced by mean values for the subgroup (for ICNPO groups 1, 6, 7, 9, 10 and 11) or group (for ICNPO groups 2, 3, 4 and 5).

In Law and Legal Services (ICNPO 7 200), only two respondents reported that they had volunteered in the past year. We used the mean number of hours spent volunteering in subgroup 7 100 and 7 300 combined in order to estimate the volunteering time in this category.

In Philanthropic Intermediaries and Voluntarism Promotion (ICNPO 8 100) volunteering figures are not from the survey, but based on data gathered from the volunteer centers (Lorentzen & Røkeberg 1998).

The imputed value of volunteer labor is calculated as follows. According to Statistics Norway, average labor costs per FTE in Norway in 1996 was NOK 295 619, of which NOK 238 277 is direct personnel costs, and NOK 57 342 is indirect personnel costs. This figure includes payroll tax, holiday allowance, future pensions, pension insurances, etc. Adding 2.3 percent inflation (change in the consumer price index from end of 1996 to end of 1997) we get labor costs per FTE of 302,418 for 1997.

Labor costs per hour (1733 hours per year in Norway in 1997 according to the German Federation of Employers) is then NOK 174.51. This figure is then used to calculate the total imputed value of volunteer labor of 34,848 million NOK. This figure must be used with caution since we do not assume that all kinds of volunteering correspond to paid employment or that it would be worth a normal hourly pay in all cases. For instance, there are sometimes strong elements of self-help involved.

Membership

The number of members in each category is estimated using the same procedure as for the number of volunteers (see above).

In some cases, it was evident that our survey underestimated the membership figures. This was particularly the case for two organizations [Norwegian Automobile Association (NAF) and The Norwegian Air Ambulance Foundation (NLA)], and three types of organizations [local community organizations (*velforeninger*), tenant-owners' associations and housing cooperatives (*borettslag*) and business associations and unions].

The two specific organizations mentioned above have 400,000 (NAF) and 800,000 (NLA) members, whereas only a proportion equaling 50,000 and 100,000, respectively, reported membership in these organizations in the survey. This is due to the fact that only a fraction of the members are active, and the organizations function mainly as service institutions providing membership benefits. We corrected the estimates to include these large numbers of passive members.

The two first organization types, *velforeninger* and *borettslag*, were underestimated mainly because they were not mentioned as a separate category in the questionnaire. These memberships are also of a relatively passive character. Tenant-owner associations and housing cooperatives are furthermore located at the fringe of the nonprofit sector universe, and are not normally regarded as voluntary

associations in the Norwegian context. In these cases we relied on the membership figures from another survey, the *Level of Living Survey*, conducted by the Statistics Norway (1995), which presented the respondent with two separate categories for these organizations.

Memberships in the third type of organization (business associations and unions) are also passive in most cases. In our survey a number of respondents equivalent to 960,000 persons in the population reported memberships in this category. This figure was clearly too low to represent all memberships in this category. Since most organizations in this category are part of national umbrellas, we decided to rely on sources reporting membership figures for the national organizations. First, we used the *Statistical Yearbook* (1998) to calculate union membership. Second, we tracked down the organizations mentioned by the respondents in the questionnaire using mainly written sources (Norske organisasjoner 1993), and added their membership figures to the total. The final result was well above 1.7 million, almost twice the size of the original number.

These adjustments had profound consequences for the total membership figure for Norway, and the balance between categories of organizations. The adjustments cause the total number of memberships to increase by almost 50 percent. Development and Housing (ICNPO 6) is more than four times its former size, and Other Health Services (3 400) is more than doubled, whereas sports associations are much less dominant in Culture and Recreation (1).

Conclusion

As mentioned, the probable reason for the underestimation of membership, in particular in the categories in Other Recreation and Social Clubs (ICNPO 1 300), Development and Housing (6) and Other Health Services (3 400), is the passive character of the membership. This makes them difficult to activate cognitively in a survey setting. This might serve as a general warning against relying too heavily on the results from population surveys in the measurement of

memberships. Ignoring these large organizations would, of course, misrepresent the facts.

We expect our estimates of the number of volunteers to be more precise than the membership estimates because the cognitive misrepresentation of passivity does not apply here. If one has volunteered for an organization, it should not be too difficult to remember. We are not quite as confident regarding the actual number of hours, which might be subject to recollection errors on the part of the respondent.

Information about employment, expenditures and revenues is derived from a full count of the organizations in various categories, with the exception of 13 percent of the total that are estimated from the local association survey in Hordaland. Thus, the surveys and enquiries that the data are based on give a reasonably complete coverage of the Norwegian nonprofit sector in the year 1997. In particular in Culture and Arts (1 100) it was difficult to find good data. It is possible that a more direct approach to organizations in this field could have uncovered more organizations than we were able to find in our sources. This is an effect of a lack of basic research and the low quality statistical sources in this field in Norway, and it would require more resources than we had at our disposal to compensate for this.

However, the level of expenditures and employment we have found in this sector corresponds to the Norwegian National Accounts. These are based on estimates of this sector's income, while the Norwegian CNP study is based on expenditures and employment. It is possible that we have a better coverage of local organizations while the National Accounts have covered the most economically active parts of the sector. However, the fact that we reach similar conclusions from different perspectives and data strengthens our general confidence in our findings in this subfield.

Since many of the surveys on which the Norwegian Johns Hopkins study is based are of a unique kind, we have not been able to produce comparable data for 1992 as recommended in the CNP field guides. Retrospective reconstruction of data did not seem to be a reliable path. Thus, we were not able to create trend tables that describe the changes in the nonprofit sector as a whole. We tried to get numbers on output

and capacity of the nonprofit sector in comparison with the governmental and business sector, but we found it difficult to cover all types of activities, and therefore left out these data.

We had problems finding any sound empirical base for estimating in-kind revenues that were requested by the CNP field guides. In the surveys of “Membership organizations” (ISIC 91) there was a question about in-kind revenues, but the figures are so low that it does not seem likely that the organizations have really tried to calculate the in-kind revenues they in fact get from using public buildings etc. Another path might be to look at the expenses government at different levels has for such buildings etc., but then it would be impossible to know just how much of that the nonprofit organizations are in fact using. We therefore decided not to present any calculations for in-kind revenues. However, there is no doubt that this represents important resources for many voluntary organizations.

The data sources also did not differentiate in a consistent way between different types of public sector payments. The CNP field guide requests a differentiation between grants & contracts, statutory transfers and third-party payments, but we have chosen to put all public payments in the first category. However, we believe the figures for total public sector payments are complete.

The strength of the Norwegian data lies foremost in the employment figures. They have been collected directly from data sources we believe are reliable, instead of being estimated from the operating expenditures or from wage costs, except for a very small number of organizations. We have also had independent data on operating expenditures, except for some cases that for the most part are service providers in education and social services. Here, expenditures had to be calculated from employment or output figures by comparing with similar activities with known expenditures.

The share of income from fees and charges, donations, and public sources was covered in our surveys of local associations, of membership organizations and some other data sources. However, for some service providers in education, health, and social services in addition to a few other cases, the share of income from different sources had to be calculated from expenditures. These estimates were

based on information about the percentage of income from different sources that we gathered from umbrella organizations, ministries and public authorities, or as a last resort, from a few selected cases.

Through our survey of local level organizations we have been able to get information about organizations with very small economic activity that normally do not show up in statistics. Some concerns could be raised about the validity of the aggregation of data from the county Hordaland to Norway. However, this procedure certainly gives a more correct picture of the voluntary sector in Norway than if these local level organizations had just been left out.

The general assessment is that Norwegian society is well covered with statistics, but some parts of the voluntary sector have been left out, and the line of distinction with other sectors has not been correctly drawn in all fields. The inquiries and surveys that were conducted as a part of the Norwegian CNP have covered some important gaps and corrected some wrong assumptions. In addition, the organizations have been sorted in ICNPO-categories. As a result, the coverage and quality of the data of this report serve the purpose of a national account of the Norwegian voluntary sector well.

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Titel/Title

The Voluntary Sector in Norway – Composition, Changes, and Causes

Sammendrag

Frivillige organisasjoner i Norge oppstod for en stor del innen brede sosiale bevegelser på 1800-tallet. Med framveksten av det moderne velferds- og fritidssamfunnet etter 1960 gikk de tradisjonelle bevegelsene tilbake mens medlemservice- og interesseorganisasjoner økte. I 1997 var det totale antall medlemskap 8,4 millioner, eller nærmer to per innbygger. Den frivillige innsatsen i Norge utgjorde 26 heltidsansatte per 1000 innbyggere, sammenlignet med et gjennomsnitt på 20 for syv EU-land, mens den betalte sysselsetningen var mindre. Videre utgjorde velferdstjenester en mindre andel av den frivillige sektoren i Norge enn i EU-landene.

Vi finner at modeller fra nonprofit-litteraturen ikke gjør rede for viktige særtrekk ved den norske frivillige sektoren. Et alternativ er den historisk-institusjonelle "sosiale opprinnelses" modellen, som på mange måter passer med våre observasjoner. I Norge var imidlertid den frivillige sektoren mindre økonomisk avhengig av offentlige overføringer enn i EU-landene, i motsetning til hva man ville forvente utfra denne modellen. I tillegg er det vanskelig å forklare det høye antallet medlemmer og frivillige i Norge.

Vi modifierer følgelig den "sosiale opprinnelses" modellen og ser våre funn i sammenheng med den sosiale bevegelsestradisjonen med sterke kulturelle normer for frivillig innsats for felles goder. Det er fremdeles stor villighet til å bidra frivillig, men dette kan endres dersom individualisering og samfunnsmessig modernisering undergraver normene for frivillig arbeid.

Emneord

Sivilt samfunn, frivillige organisasjoner, ansatte, frivillige, medlemmer, inntekter, velferd

Summary

Voluntary associations in Norway mainly originated within the broad movements of the 19th century. With the emergence of the modern welfare state and the leisure society after 1960, the traditional movement associations decreased, while leisure organizations and service and advocacy organizations increased. In 1997, memberships totaled 8.4 million, or almost two per inhabitant. Norway had the equivalent of 26 full-time employees volunteering per thousand inhabitants, compared to an average of 20 for seven EU countries. However, the number of paid staff was smaller than the EU average. Moreover, welfare service providers represented a smaller share of the voluntary sector in Norway than in the EU-countries.

We find that models from the nonprofit literature do not account for important characteristics of the Norwegian voluntary sector. An alternative is the historical-institutional "social origins" model, with several implications that suit the case of Norway rather well. However, the voluntary sector in Norway was less financially dependent of public transfers than in the EU countries, in contrast to what one would assume from the model. It is also difficult to explain the extensive number of members and volunteers in Norway.

Thus, we modify the social origins model, and relate the case of Norway to the social movement tradition with strong cultural norms of voluntary effort for the public good. The willingness to volunteer is still high, but this could change since individualization and social modernization may undermine the normative foundations for voluntary work.

Index terms

Civil society, voluntary organizations, employees, volunteers, members, revenues, welfare

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