

**The prevalence of private nonprofit suppliers in Flemish cities: the
case of minority policy and poverty policy.**

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1. Introduction

During the 20th century the Belgian nonprofit sector has, due to historical processes of pillarisation¹ and subsidiarity², expanded enormously. The sector is characterized by co-existing public and private nonprofit structures to which an often large share of public service provision is delegated (Salamon & Anheier 1995). In this paper we focus at the social service supply developed by private nonprofit organizations (NPO's) in the 13 biggest Flemish cities, in the field of poverty policy and policy for ethnic-cultural minorities. Both policy fields are relevant to study, as they correspond to some of the largest challenges for contemporary urban societies: co-existence of people in diversity, and the growing gap between rich and poor, haves and have not's. This makes both policy fields politically salient, and the societal issues (that emerge from the evolutions towards diversity and social inequality) difficult to address. Most governments at all tiers struggle to find lasting solutions to these societal problems, and as is often the case, when social or societal problems arise, the private sector is the first to pioneer for solutions. Under unprecedented circumstances, private initiatives often precede public initiatives, and in the case of poverty and cultural diversity, these are most often private nonprofit initiatives. For these reasons too, the private NPO sector is in Flanders (and elsewhere) a key player for addressing issues that are related to poverty and diversity. The point of departure in this paper is that we assume that private initiatives in both fields will flourish when the need for such services is large. In other words, we assume that in communities with a lot of peoples that suffer from poverty, and in communities with a lot of ethnic-cultural diversity, private initiatives for working with these groups will emerge. Our central research question is therefore: 'To what extent does the supply of social services delivered by private nonprofit organizations at the local level correspond to the demand for these services'?

2. Theoretical framework/assumptions

In order to answer our research question, the so-called demand-side theories may be relevant. Demand-side theories explain supply of welfare services as a direct response to societal demands for these services. According to this line of reasoning, supply of social services will be organized in those

¹ Pillarisation can be seen as the process in which groups with differing political and philosophical tendencies organize themselves. These associations become active in various fields of community life (health, education, etc) and eventually form real 'families' (or pillars). The most important in Belgium are those of Christian and socialist inspiration (Salamon and Anheier 1999).

² Subsidiarity is the process in which powers are redistributed to the policy level, or societal sector which is the most appropriate.

communities where there is a demand that is large enough. It seems obvious to claim that in communities where there are relatively more poor people or minorities, there will also be more services for these people. However, this assumption cannot explain why the private NPO-sector in particular would supply the services in case of large demand. One could argue that in communities with a large demand, it may be public organizations that are responsible for the service, or even private commercial organizations. The concept of demand heterogeneity may be a valuable starting point (Weisbrod 1988, Anheier 2006) for explaining why private NPO supply will prevail over public supply. Demand heterogeneity is the extent to which the demand for quality and quantity of service delivery in a society is heterogenous or not. Public goods theory assumes that the public goods and services provided by the public sector will always have the quality and quantity as demanded/desired by the largest segment in the population (the so-called “median-voter”), because serving this largest segment of the population is electorally spoken most valuable for public officials. The marginal (electoral) gains of delivering services to minority groups outside the median-voter segment are too small for public officials. This means that some segments of the population are left unserved or insufficiently served, because these segments demand other levels of quality and/or quantity than the services provided by the public authority. In societies that are characterized by a large demand heterogeneity, these unserved demands will be large. Hence, in a heterogenous society, private supply will be larger, compared to public supply, because the private sector fills large gaps that are left by the public sector supply. Ceteris paribus, in a society that is characterized by homogeneity, public supply will be larger, compared to private supply (public sector can address large groups of the electorate with a supply that will satisfy the demands of this large group). Societies that are characterized by a large presence of ethnic-cultural minorities, are by definition heterogenous (in terms of cultural background of citizens). Also societies that are characterized by a lot of poor people are heterogenous, in terms of span of income and span of welfare among citizens of the same community. Hence, we could expect that service supply by private NPO’s will follow the presence of ethnic cultural minorities and poor people in society, according to wisdom from public goods theory. In the same line of reasoning Anheier (2005) refers to a ‘mellow weakness’ scenario in which nonprofits are encouraged to operate in areas that politicians find either too costly relative to pay-offs or inappropriate to tackle themselves. Nonprofits are then nothing more than fig leaves for a political world unwilling to solve social problems in a serious way, and remain under mild state tutelage. Especially in the fields of poverty and ethnic-cultural minorities, this may be the case. In sum, our demand side argument is that private NPO’s will supply services when demand is high, especially in salient policy fields (where public supply will be lower). If our argument is correct, we should observe

more NPO supply in cities where demand is higher, compared to cities where demand is lower. Secondly, whether private sector supply will be nonprofit or commercial, will depend on the nature of the demander. We can argue that market failure mechanisms will prevent forprofit providers to deliver services to those demanders that are rather distressed or less well-off, because there is few profit-making chances in this segment of the population. Forprofit suppliers tend to invest in markets where the chances for profit-making or growing are larger. By definition, the field of services for the poor is not a 'market' in which the expected profits are large. Hence, we could hypothesize that private nonprofit initiatives will prevail in providing services to the poor, rather than commercial initiatives.

In sum, based on the combination of ideas of demand heterogeneity, market failure and mellow weakness, we may hypothesize that especially in policy fields that are salient (mellow weakness), deal with heterogeneity, and address rather difficult target groups, private NPO supply will follow demand for social services, more than public or commercial supply. These three characteristics can all be attributed to the fields of poverty policy and minority policy.

3. Research domain and method

Private nonprofit initiatives for poor people and minorities in Flemish cities

A key purpose of this paper is to map both the supply of social services provided by private nonprofit organizations and the demand for these services in the selected municipalities. First we have to determine which organizations are selected. We only focus at private nonprofit organizations. These organizations are active in one of the two selected welfare domains, the area of poverty reduction or the integration of ethnic cultural minorities. These organizations often have paid workforce, but still there is also a significant amount of purely voluntary initiatives in these sectors (Salomon and Anheier 1995; Verschuere and Vancoppenolle 2010). In Flanders, in the field of poverty reduction, there are some important groups of private organizations (Verschuere & Vancoppenolle 2010). First there are the Centers for General Welfare (*centra voor algemeen welzijnswerk*). In Flanders, there are 26 of these Centers, which are mostly situated in, densely populated, urban regions. Due to the evenly spread of these centers throughout whole Flanders, regulated by Decree, all 308 Flemish municipalities are served by the Center for General Welfare that is active in their region. The Centers are largely financed by Flemish government which allows them to develop an extensive professional staff. Their prior goal is to

provide accessible services for all citizens on a broad spectrum of social problems. These centers therefore develop a whole range of activities for – amongst other - poor people. Examples of these activities are shelters for homeless, assistance in budget management, the distribution of clothes and food, etc. A second important group of actors are formed by the so-called ‘self-associations of poor people’ (*verenigingen waar armen het woord nemen*). There are 44 of these associations which are all financed by Flemish government. The spread of these organizations is rather randomly and not regulated by Flemish government. This is not the case for their activities which are indeed regulated by Decree. Their mission is narrower than the mission of the Centers for General Welfare. They have an exclusive focus on poor people and develop a specific working method in which the target group is actively involved. Poor people are asked to signal their needs and problems and are enforced to search, in cooperation with members of the associations, for appropriate solutions that may improve their living conditions. Thirdly there is also a diversity of *voluntary associations* who have in common that they deliver social or material services to poor people. This last category mainly consists of purely voluntary initiatives which emerged from for example church communities or are developed by (groups of) committed citizens. These associations sometimes receive temporary project support from Flemish or local governments but are, unlike the two actors previously discussed, not structurally financed by government. Private gifts and donations are therefore the most important source of income. The range of activities which is developed, is enormous, going from organizing shelters for homeless people, to food supply and even some forms of domestic support. The spread of these organizations is not regulated by a public authority, so their prevalence will vary throughout whole Flanders and cause severe differences between cities.

The fourth category of poverty organizations consists of two types of private nonprofit organizations that do *not exclusively target poor people alone*, but for which poor people is a crucial target group, or that have a crucial role in preventing poverty. On the one hand it includes associations which are active within the sector of the social economy. These organizations organize training programs or provide a working place for people which may find it difficult to find a job on the regular labor market and would be otherwise unemployed. In that respect they help to reduce one of the main causes, i.e. unemployment, of poverty. On the other hand there are also social housing companies which play a very important role in providing a roof over the head of people which face a problematic financial situation. Also social housing prevents people for financial distress, because housing on the private market is too expensive for many people. A fifth category contains all private initiatives developed in the sector of the *community building*. These organizations work in communities and neighborhoods that are socio-

economically distressed, and as such have many poor people as clients. The last group consists of the *local health centers* which provide, easily accessible, health care services, especially for people who live under poor circumstances.

The sector of the ethnic cultural minorities in Flanders consists of some pillars. A first pillar concerns the asylum policy of the federal government. Private nonprofits, in this case the Flemish Red Cross, do play a role in the reception of asylum seekers and refugees. The Red Cross has 14 centers to fulfill this task but only 3 of these centers are situated in one of the thirteen cities which are selected in the context of this paper. This implies that the private nonprofit sector is especially active in another pillar, concerning the integration of foreign citizens in Belgian/Flemish society. Four different types of private actors could be traced in this pillar. The first group is formed by the so-called Centers for Integration (*Integratiecentra*) which are recognized and subsidized by Flemish government. Their main task is to promote and sustain the diversity within civil society by organizing information sessions for schools, public administrations, etc. In Flanders and Brussels there are eight of these centers: one in Brussels, one extra for the two biggest Flemish cities Antwerp and Ghent and one in three of the five provinces (Bruges, Ghent and Antwerp). We must however note here that for the two other provinces (located in Leuven and Hasselt) these Centers have a public, and not a private, character. The other seven cities within our sample all have a local antenna of these Centers in order to help to coordinate the Centers' activities on their territory. In that respect these Centers for Integration are evenly spread throughout all thirteen cities, with the exception of Leuven and Hasselt. The second type of private actors in this integration-pillar is the so-called Bureaus for Reception (*Onthaalbureaus*). These are also recognized and subsidized by Flemish government and define the concrete path that each new foreigner which has the desire to live and stay in Belgium has to follow in order to facilitate its integration in all facets of civil society. There are eight of these Bureaus: one in Brussels, a specific one for big cities such as Antwerp and Ghent and five Bureaus to serve each Flemish province (located in Ghent, Antwerp, Leuven, Hasselt and Bruges). As was the case for the Centers for Integration there are also local antennas of these Bureaus in all other seven cities within our sample. The third group of private actors is the so-called Houses of the Dutch (*Huizen van het Nederlands*). These Houses are also recognized and subsidized by Flemish government and perform a specific task in guiding new foreigners to the right course in order to learn the Dutch language, without however providing these courses themselves. Once again there eight of these Houses: one in Brussels, a specific one for big cities such as Antwerp and Ghent and five Bureaus to serve each Flemish province (located in Ghent, Antwerp, Leuven, Hasselt and Bruges). As was the case for the Centers for Integration and the Bureaus for Reception there are also local antennas of these Houses of

the Dutch in all other seven cities within our sample. The final category of private actors is formed by so-called midfield organizations in which immigrant associations (*zelforganisaties*) represent the majority. These are, with few exceptions, purely voluntary organizations in which immigrants with a common, mostly but not always ethnic, background can come together to pool their energies and participate to activities. The prevalence of these associations is not regulated by any public authority so differences between cities may occur.

The table below shows the distribution of private nonprofit organizations in the 13 biggest cities in Flanders, for the policy domains of poverty and ethnic-cultural minorities.

Poverty Organizations		Organizations for ethnic-cultural minorities	
CATEGORY	N	CATEGORY	N
Centers for General Welfare (activity level)	107	Red Cross shelters	3
Self-associations of poor people	18	Centers for Integration ³	11
Voluntary associations	176	Bureaus for Reception ⁴	13
Social economy and social housing	163	Houses of the Dutch ⁵	13
Community building	27	Midfield organizations	514
Local health centers	15		
TOTAL FOR 13 CITIES	506	TOTAL FOR 13 CITIES	554

We trust that we have a fairly complete picture, although finding reliable sources to map these organizations is a challenge in itself. We basically rely on a website www.desocialekaart.be which gives an overview of all, both private and public, nonprofit initiatives in Flanders. In addition we also rely on some thematic overviews⁶. On the other hand, for the sector of the ethnic-cultural minorities www.desocialekaart.be only contains parts of the integration sector, meaning that voluntary initiatives are not structurally included. In reality there seem to be many voluntary initiatives for ethnic cultural minorities. These organizations were mapped with the help of the integration services of the thirteen selected cities. They were asked to provide a list of all (voluntary) organizations for ethnic-cultural

³ Main organization and local service points

⁴ Ibid.

⁵ Ibid.

⁶ In the area of poverty reduction these additional resources are www.caw.be (website for the so-called Centra voor Algemeen Welzijnswerk); www.socialeconomie.be (all initiatives within the sector of the social economy and employment); www.welzijnsschakels.be and www.vlaams-netwerk-armoede.be (both websites from umbrella organizations for voluntary organizations active around reducing poverty).

minorities which were active on their territory. Based on these sources, we believe to have included the majority of relevant organizations in our database, although we must acknowledge that 100% coverage is impossible. A second issue is that there is a potential overlap between these two sectors. Organizations that are active in the reduction of poverty will in reality also focus on certain groups of ethnic-cultural minorities with a problematic socio-economic situation. On the other hand, organizations for ethnic cultural minorities will on their turn provide some material and social services for immigrants who still live under poor circumstances. In order to solve this 'discrepancy' the organizations are selected and divided in only one category according to their main organizational focus, either to poverty reduction or either to ethnic-cultural minorities.

Measuring demand for service delivery

The second key variable we investigate is the demand for services in the fields of poverty reduction and working with ethnic-cultural minorities. The question is then how to obtain a better understanding of the *demand side*, or the extent in which people have a need of using these social services. We use an indirect measure of demand. The measures used to determine the extent in which cities face poverty challenges are:

- The unemployment rate in the cities⁷
- The number of births in poor families relative to the total number of births⁸
- The proportion of people which receive a basis supporting income⁹ per 1.000 city inhabitants¹⁰

In order to obtain a city profile concerning the presence of ethnic-cultural minorities we rely on one specific parameter, which is the proportion of non-Belgians¹¹ compared to the whole population¹².

⁷ Data are gathered via <http://aps.vlaanderen.be> and are for 2008.

⁸ Data are gathered via <http://aps.vlaanderen.be> and are for 2007.

⁹ People which face a problematic socio-economic situation (due to for example long-term unemployment, lack of education or a personal disease) may receive financial assistance from government in order to fulfill their basic needs.

¹⁰ Data are gathered via <http://aps.vlaanderen.be> and are for 2009.

¹¹ The total population of non-Belgians includes the actual number of people without the Belgian nationality, and also takes into account the number of immigrants who have received the Belgian nationality since 1945 and the descendants of these people which acquired the Belgian nationality already at birth.

¹² Results are gathered via www.npdata.be and are for 2008.

4. Results

Supply and demand of welfare services in Flemish cities

As a first result we present two separate ‘profiles’ for our 13 cities, by mapping the number of private nonprofit organizations (supply profile) and the extent to which city inhabitants might need this kind of social services (demand profile).

		POVERTY REDUCTION		ETHNIC CULTURAL MINORITIES		
Total population		Total number of organizations	Number of organizations per 1.000 city inhabitants	Total number of organizations	Number of organizations per 1.000 city inhabitants	
C I T Y	Kortrijk	73.941	33	0,43	35	0,47
	Mechelen	79.503	28	0,35	29	0,36
	Genk	64.294	34	0,53	79	1,22
	Ghent	237.250	75	0,32	33	- ¹³
	Leuven	92.704	25	0,27	40	0,43
	Ostend	69.175	31	0,45	31	0,45
	Hasselt	71.543	29	0,40	32	0,45
	Sint-Niklaas	70.450	23	0,33	22	0,31
	Turnhout	40.070	21	0,52	16	0,40
	Antwerp	472.071	116	0,25	199	0,42
	Roeselare	56.547	29	0,51	8	0,14
	Aalst	78.271	29	0,37	11	0,14
	Bruges	117.073	33	0,28	19	- ¹⁴
M E A N	117.145 ¹⁵		0,38		0,43 ¹⁶	

Table 1 – Supply of private nonprofit organization

First, at the supply side we must take into account that the ‘absolute’ numbers are influenced by the size of the cities. Cities with a larger population will in most cases have a greater chance to have more private nonprofit organizations on their territory. Calculating the number of organizations per 1.000 city inhabitants may overcome this problem¹⁷. In the area of poverty reduction table 1 shows us that a Flemish city has, generally spoken, 0,38 private nonprofit organizations per 1.000 city inhabitants on its

¹³ The information which we could find about the number of organizations for ethnic cultural minorities was too scarce. Therefore Ghent is left outside the analysis for the ethnic-cultural minorities.

¹⁴ The information which we could find about the number of organizations for ethnic cultural minorities was too scarce. Therefore Bruges is left outside the analysis for the ethnic-cultural minorities.

¹⁵ This result is influenced by the relative large population of two cities, Gent and Antwerpen. The median, which is 73.941, might offer a better understanding here.

¹⁶ In this result the scores of Ghent and Bruges are not included. This is due to the lack of information about the number of voluntary organizations for ethnic cultural minorities in these cities.

¹⁷ This is calculated by first dividing the total number of organizations in the domain of poverty reduction by the total numbers of inhabitants and then this score is multiplied by 1000. This procedure is repeated for all cities.

territory. The highest scores are noted for Genk (0,53) and Roeselare (0,51), while we see much lower scores for Antwerp (0,25) and Leuven (0,27). In the case of organizations which work with and for ethnic cultural minorities we see an average score of 0,43¹⁸. Especially the score of Genk (1,22) is remarkably high, while Roeselare (0,14) and Aalst (0,14) have only very few of these organizations on their territory.

		POVERTY REDUCTION			ETHNIC CULTURAL MINORITIES	
Total population		Unemployment rate	The share of births in poor families	The proportion of people which receive a basis supporting income per 1.000 city inhabitants	The proportion of non-Belgians compared to the whole population	
C I T Y	Kortrijk	73.941	6,40%	6,9	7,88	12,3%
	Mechelen	79.503	7,80%	9,7	7,51	27,3%
	Genk	64.294	9,92%	18,0	2,72	37,5%
	Ghent	237.250	9,85%	15,0	17,8	25,6%
	Leuven	92.704	5,97%	8,5	8,05	26,3%
	Ostend	69.175	9,15%	11,5	8,82	11,5%
	Hasselt	71.543	6,93%	6,0	4,67	11,5%
	Sint-Niklaas	70.450	6,49%	8,1	7,75	13,3%
	Turnhout	40.070	9,12%	9,2	6,19	17,7%
	Antwerp	472.071	11,77%	22,1	9,8	39,7%
	Roeselare	56.547	4,64%	5,1	5,91	5,9%
	Aalst	78.271	7,07%	6,9	5,85	8,9%
	Bruges	117.073	4,93%	4,4	4,37	6,2%
M E A N		117.145 ¹⁹	7,69%	10,1	7,49	18,7%

Table 2 – Parameters to determine the demand for social services in Flemish cities

Secondly, we also created a demand profile for all thirteen cities. In the domain of poverty reduction we have selected three parameters which could give us a first indication about the socio-economic profile of the cities. As shown in table 2 some cities have relatively high scores on all three poverty indicators. This implies that a relatively larger share of citizens in these cities has a chance to rely on social services which can be, among others, delivered by private nonprofit organizations. This is especially the case for Ghent, Ostend and Antwerp. On the other hand, other cities have a ‘wealthier’ profile, meaning that they have lesser unemployment rates, less births in poor families and less people which depend on a basic supporting income than average. These four cities are Hasselt, Roeselare, Aalst and Bruges. The other cities show ‘mixed’ results in their profile for the demand of social services. Finally, within the area of ethnic cultural minorities, we see that especially Genk (37,5%) and Antwerp (39,7%) have a very high

¹⁸ This is calculated by first dividing the total number of organizations in the domain of ethnic cultural minorities by the total numbers of inhabitants and then this score is multiplied by 1000. This procedure is repeated for all cities.

¹⁹ This result is influenced by the relative large population of two cities, Gent and Antwerpen. The median, which is 73.941, might offer a better understanding here.

proportion of ethnic cultural minorities in their population. The lowest scores are noted for Roeselare (5,9%), Bruges (6,2%) and Aalst (8,9%).

Does private nonprofit supply relates to demand?

Starting from our initial demand-side argument we will now try to answer whether or not a large demand creates corresponding levels of high supply on the private nonprofit market. The figures below present the extent to which the demand variables are related to the supply variables, for both policy domains. All cities are plotted in these figures.

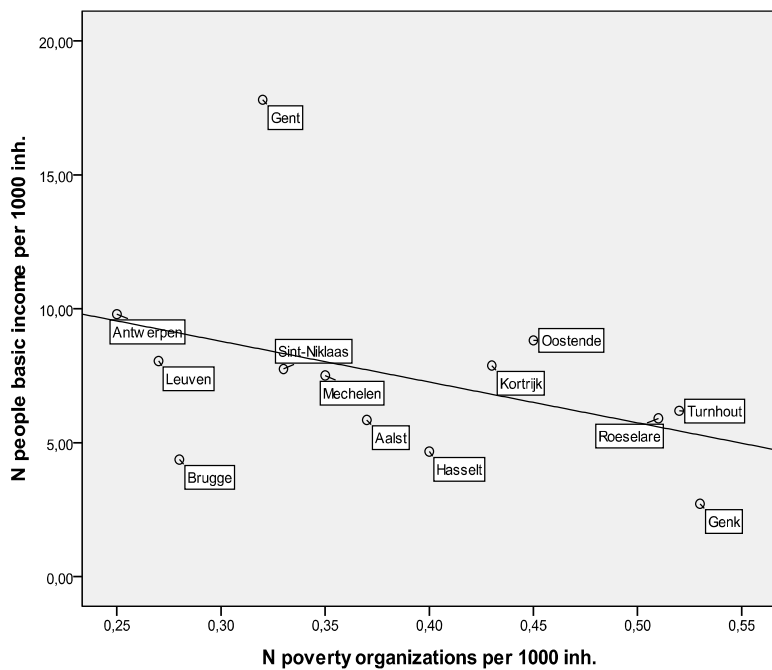


Figure 1

As seen in Figure 1 there is no relation between demand and supply in the area of poverty reduction. The Pearson's correlation coefficient is -0.40 (Sig. 2-tailed $.17$). In other words, in this domain there is no general trend among cities that the supply by private NPO's is related to the demand. Yet, there are some exceptions, such as Bruges, where a relatively low demand leads to a relatively small supply on the private nonprofit market. On the other hand, a low score on the demand scale is combined with a relatively high supply, which is the case for Genk, Roeselare or Turnhout. The situation in these three

cities is completely adverse to the situation of a city such as Ghent, in which high levels of demand are not followed by a high level of private nonprofit supply.

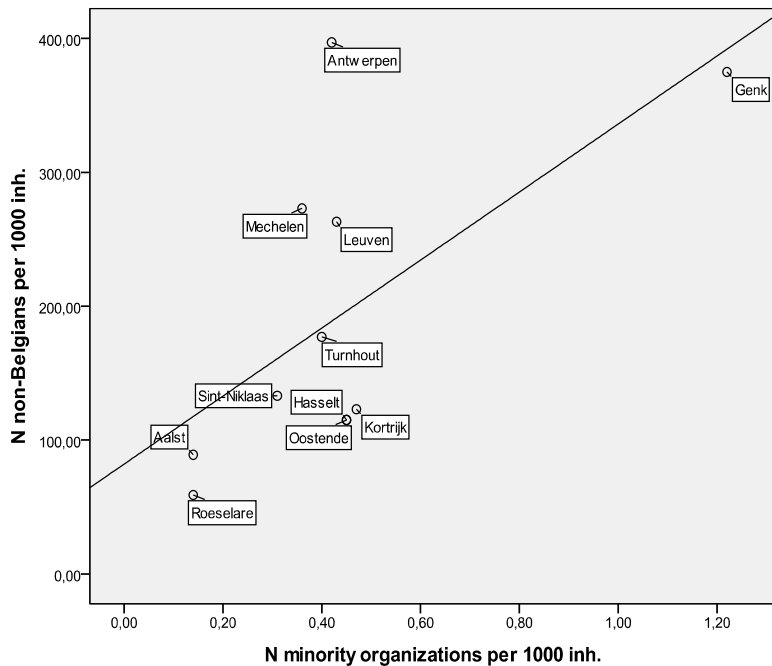


Figure 2

Figure 2 shows us that in the case of ethnic cultural minorities there is indeed a relation between the number of private nonprofit organizations and the proportion of non-Belgians per 1.000 city inhabitants. The Pearson's correlation is .62 (sig. 2-tailed .04). In other words, the supply on the private nonprofit market seems to be related to the demand. Especially the score of Ghent is very high. This city has a relatively large number of private nonprofit organizations for ethnic cultural minorities on its territory, while there are also relatively much non-Belgians within the total population. For cities such as Mechelen we see that although a relative large proportion of inhabitants are non-Belgians, there are only relatively few organizations for these minorities on the private nonprofit market.

The findings presented above revealed some mixed results for the two policy domains under scrutiny. In the area of poverty reduction we have seen that the supply on the private nonprofit market does not follow the demand for these services in the selected cities. On the other hand, in the case of ethnic cultural minorities we have found a positive correlation between the relative presence of private

nonprofit organizations and the presence of non-Belgians in the city population. Thus, we may conclude that our initial hypothesis, in which was argued that supply will follow the demand, should be nuanced.

Other explanations for private NPO supply?

In search of further explanations for the extent to which there is private NPO supply in welfare services, we can analyze two other factors, which are rather related to the supply-side of welfare services. On the one hand we look at the potential social entrepreneurship within the population. One could argue that demand alone is not enough as an explanation, one also needs suppliers, or people or sectors that are willing to invest in providing welfare services. A lot of literature has been published already on the social entrepreneur, explaining why people or what kind of people start nonprofit initiatives. Corbin (1999), Booth et al (1989) and Ben-Ner & Van Hoomissen (1991) all found that in communities that are relatively wealthy, there is a large private non-profit (and in some cases also profit) sector. Also the existence of human resources in a local community (e.g. socio-economic status, education-levels, or age) may contribute positively to the size of the nonprofit sector (Galper 1999, Lincoln 1977, Guterbock & Fries 1997). These features point at a potential existence of entrepreneurs, which may be a prerequisite for a strong private sector (James 1987, Rose-Ackerman 1996, Young 1983). So we can argue that in a local community that is characterized by an averagely wealthy, well-educated and middle-aged population, there will be a large private welfare sector, because conditions for entrepreneurship are good. The question whether this entrepreneurship will be rather 'social' or 'economical', can be linked to some of the demand-side factors discussed above. We can distinguish between social and economic entrepreneurs. Concerning social entrepreneurs, Wolch & Geiger (1983) hypothesized that in a local community, affluent community members may have the incentive to invest (resources, talent, ...) in nonprofit initiative that serve particular target groups that are in need for services. Thus one can assume that in communities with a lot of economic distress, social entrepreneurs that are driven by altruistic motives will tend to invest their resources and talents in private nonprofit initiatives. In this paper we will measure this by the relative presence of people between 40 and 59 years old in a city²⁰. Measures like the average income in a local community, or average education-level of inhabitants of the local community, are not used here, as these measures may interfere with demand-side variables (demand for help by low educated people, demand for help by poor in local communities with a low average

²⁰ Data from the Flemish government, for the year 2005.

income). Still, we acknowledge that the presence of people between 40 and 59 years old is too narrow as a measure for entrepreneurship.

In the figures below we see that in the case of poverty reduction there is a positive relation between the number of poverty organizations per 1000 city inhabitants and the relative presence of social entrepreneurs (figure 3). The Pearson's correlation (.45) is not significant, however (Sig. 2-tailed .13).

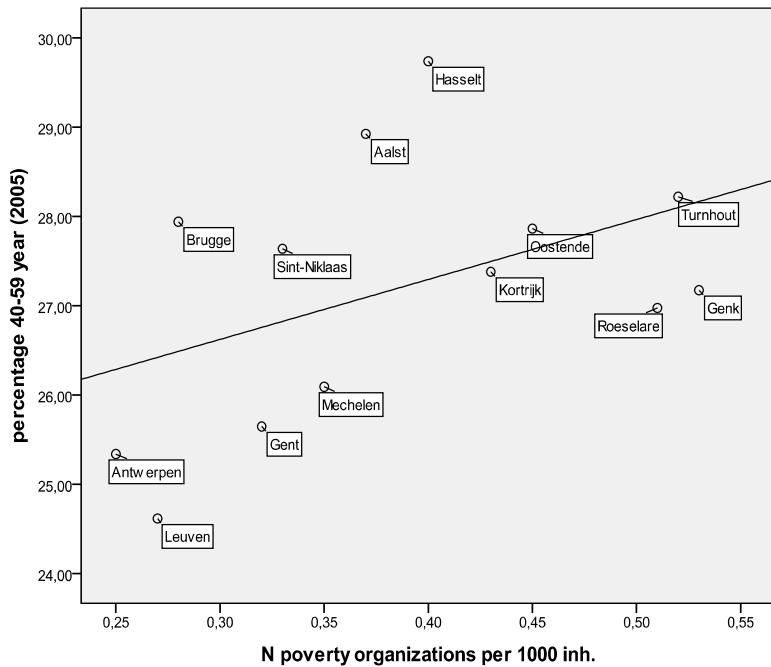


Figure 3

In some cities (Aalst, Hasselt) we observe that potential entrepreneurship is high, while the amount of private NPO service supply is low. In other cities, we observe the contrary: more supply than we could expect based on potential entrepreneurship (Genk, Roeselare). In the case of ethnic cultural minorities we observe no relation between the number of organizations for ethnic cultural minorities per 1.000 city inhabitants, and the relative presence of social entrepreneurs (figure 4). The Pearson's correlation coefficient is -.09 (Sig. 2-tailed .80). The majority of cities is either in a position with more supply than expected based on potential entrepreneurship (Mechelen, Antwerp, Leuven), or in a position with less supply than expected (Hasselt, Aalst, Turnhout, Genk).

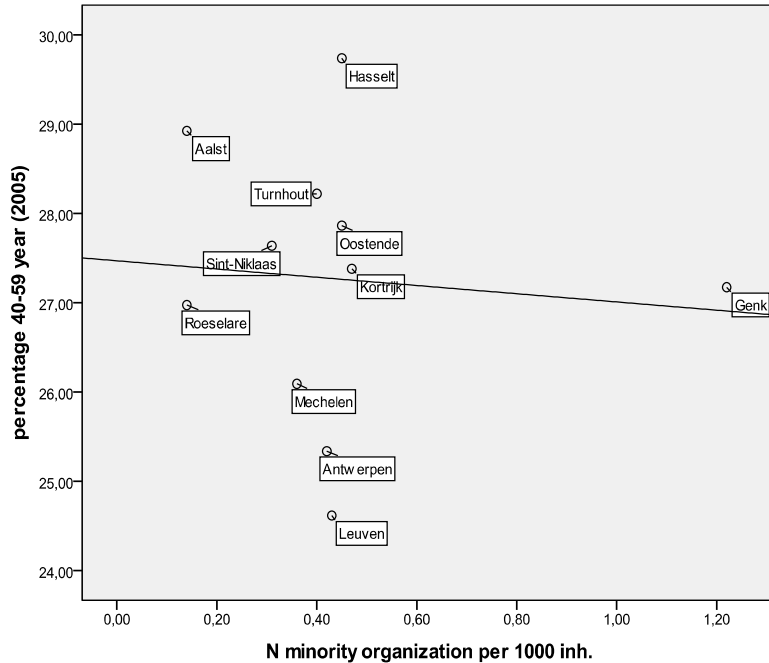


Figure 4

As a second alternative explanation, we can look at local governmental spending for social and welfare purposes. In the case where there is a lot of local governmental welfare funding²¹, we might expect a larger public sector in providing elderly care services, compared to the private sector. This may potentially lead to a crowding out effect, by which a lot of welfare service supply by the public sector hardly leaves space for supply by other sectors (Salamon 1987, Verschuere & Vancoppenolle 2008). Hence, we could argue that in local communities with a lot of local governmental welfare and social spending, there will be a larger public sector in service delivery in the field of poverty and ethnic-cultural minorities, compared to the private sector. In the figures below we see that in the case of poverty reduction there is a negative relation between the number of poverty organizations per 1000 city inhabitants and the amount invested in social policy by local government (figure 5). The more local government spends on social welfare, the less private NPO's per 1000 inhabitants. Although the correlation between both variables is negative (-.28), but it is not statistically significant (Sig 2-tailed .35). In some cities, like Brugge and Mechelen, there is few private NPO supply, although public spending in social welfare is also low. In other cities, like Kortrijk and Turnhout, relatively high levels of public welfare spending correspond to high levels of NPO supply in the domain of poverty. In the case of ethnic cultural minorities we observe a positive relation between the number of organizations for ethnic

²¹ Data from the Flemish government, for the year 2005.

cultural minorities per 1.000 city inhabitants and the amount invested in social policy by local government (figure 6). The correlation coefficient is .23, but again not significant (Sig. 2-tailed .50).

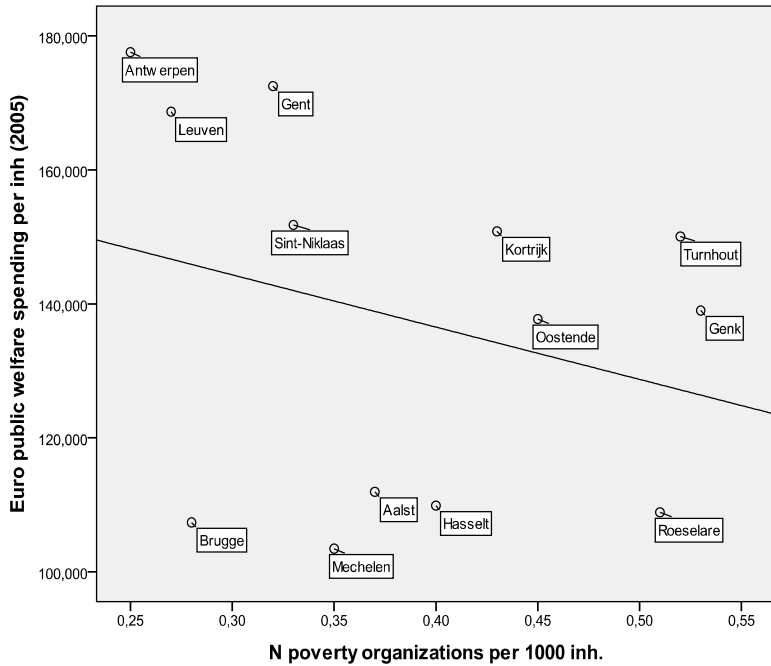


Figure 5

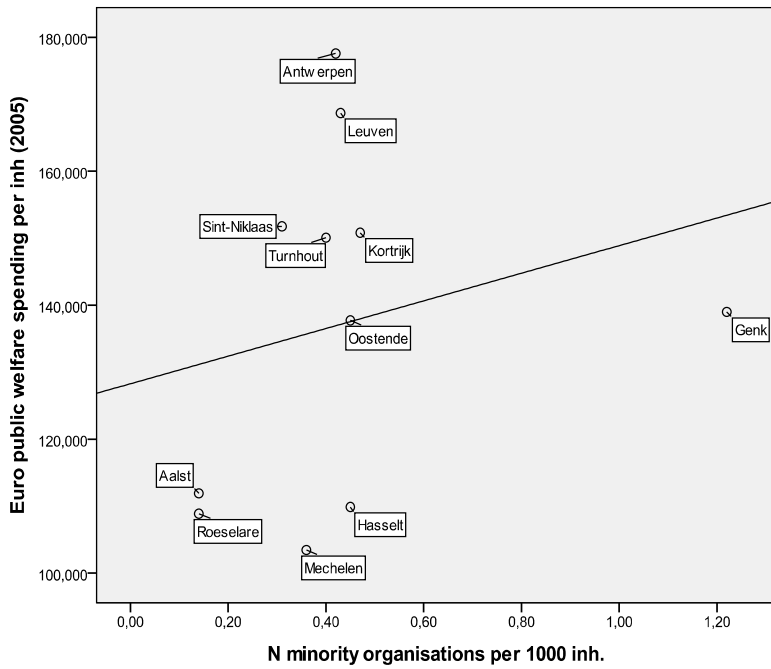


Figure 6

Conclusion

The general observation is that the supply of private nonprofit organizations which are active around the reduction of poverty seems to be related to by supply-side factors such as social entrepreneurship and the extent in which public authorities organize their own supply (local government welfare spending). The relationship between these variables is clear, although no significant correlations have been found. Next to that, the supply of private nonprofit organizations which are active around ethnic-cultural minorities is related to the extent to which there is demand (N of non-Belgians). This correlation is statistically significant. A similar research, which tried to explain the presence of private NPO supply in Flemish elderly care and Flemish child care, found that in child care the heterogeneous demand (extent of children from poor families in a local community) is the major explanation for NPO-supply (assuming that NPO's mainly deliver services in the case other – public and/or commercial – suppliers fail). The research also showed that private NPO supply in elderly care is strong in those communities where public welfare spending is low (Verschuere and Vancoppenolle 2008). Overall, these earlier findings, and the findings presented here, show that there may be large differences reasons why there is a lot of private NPO supply, depending on the policy field. A suggestion for further research is therefore to bring in new – policy field related – factors in the design, in other to get a better understanding of the extent to which private NPO's are active in the supply of welfare services.

A second important finding is that there are large differences between cities concerning their demand-supply pattern. In some cities, supply 'matches' with the demand. For example, in the case of poverty, a city like Kortrijk has average supply and demand. In the sector for ethnic-cultural minorities, a city like Genk has both large supply and demand. In most cases, however, supply does not correspond to demand. Especially in those cities where there is 'undersupply', this may be problematic. In these cities, large demand is combined by lower supply. We do not want to judge individual cities here, also because our measures of demand are too rough, but as a general policy relevant conclusion, we still can say that local governments (and governments in general), should be careful for situations of 'undersupply', meaning that services for those most in need (e.g. poverty) may be insufficient and inaccessible.

To conclude, we must stress that care is needed in drawing too specific conclusions from our findings, as there are some methodological, conceptual and theoretical points of attention, which urge for refining and broadening our research. Firstly, we only take into account some demand and supply variables. It

may be argued that other constructs (like social origins, Salamon & Anheier 1998, Anheier 2005) may have more explanatory value for the extent to which there is private NPO supply. We can think of political constellation, or socio-economic history in different local communities. Besides that, we were limited in our measurement of the demand-side and the supply-side variables. We do acknowledge that other indicators must be developed in order to better capture the demand and supply variables. For the moment we do not have these indicators. This brings us to a second suggestion for further research, in which similar research questions should be addressed in different contexts (cities, countries, policy fields), preferably with better measures for the key variables.

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ANNEX: Descriptive statistics

	N	Minimum	Maximum	Mean	Standard deviation
Number of poverty organizations per 1.000 city inhabitants	13	,25	,53	,3854	,09683
Number of ethnic cultural minority organizations per 1.000 city inhabitants	11	,14	1,22	,4355	,28542
Number of people with basic supporting income per 1.000 city inhabitants	13	2,72	17,80	7,4862	3,66572
Number of non-Belgians in total city population	13	59,00	397,00	187,4615	114,18816
Percentage of people between 40 and 59 years in population	13	24,62	29,74	27,1955	1,45757
Amount invested by local authorities in social policy	13	103,445	177,585	137,66430	26,851348