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

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

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

Because of a recent evolution of the French legislation in the medical, health and social sectors, these non-profit organizations are facing the necessity to clarify their status.

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

To answer this question we have chosen to study the case of two non-profit organizations representing the non-market public funded sector: French non-profit organizations in the medical, health and social field.

Our paper is divided into three sections.

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

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

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

We cross-verified our data to greatly improve the external validity and the reliability of the qualitative research. It was therefore important to have at our disposal all the documents necessary for the analysis balance sheets, income statement and activity reports. They were all analyzed as they became available over the last two or three years.
Finally, the return of the first analysis was conducted on the field. The feedbacks of the actors allowed us to enrich and clarify our vision of the cases.

The third part discusses the results and tries to conclude: can a “non-profit and constrained entrepreneurship” be considered? Three kind of results have been found in this way:

1) Actor’s games (social level)

Strictly speaking, negotiations are carried out with the supervising authorities beyond the administrative procedure. The association’s director’s and the treasurer’s services are often called upon for this task. These negotiations mainly aim at getting a budget extension from the supervising authority. Different techniques may be used. These two types of negotiation strategies can be identified as: the “pressure” and the “interaction”. The pressure strategy is based on a behavior of domination, or even of capture, from the NPO on the supervising authorities. On the contrary, the interaction strategy favors a more balanced type of relationship which leaves room for arbitration and possible compromises. To put pressure, most of the time, consists of imposing a deficit which will be made up if the overspending is justified.

2) Market offer configuration (economical level)

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

Thus they act within a sector which is becoming more competitive. It seems that a competition which didn’t exist before is developing between the non-profit organizations and that a “bid logic” is developing. This could urge small non-profit organizations to merge.

3) NPO’s Institutional frontiers reconfiguration (institutional level)

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

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

References


