Nonprofit welfare and active citizenship in Scandinavia

In Scandinavia welfare services are mainly funded by the public sector. However, there are increasing differences when it comes to who provides the services; the public, private or the nonprofit sector. This panel focuses on: 1) what causes different development trajectories within the Scandinavian welfare model; 2) if who provides the services makes a difference for active citizenship; 3) which factors that can explain that the nonprofit-form thrives better in some welfare areas than in others; and 4) if it is possible to combine strong governmental oversight with a distinct culture and adherence to the providers’ distinct mission and goals: and

The first paper provides an overview over changes in welfare employment shares between public, private and nonprofit sector. The Scandinavian countries have chosen different trajectories: Denmark has for a long time politically supported non-profit welfare provision as an alternative to the dominant public provision; Sweden has opened up for strong growth in for-profit provision since year 2000; while Norway prefers public provision as long as there is sufficient capacity, in particular in compulsory education and essential health services. This means that the Scandinavian countries are excellent cases for comparative studies. The paper analyses differences in welfare discourse, politics, and laws and regulation that causes differences in the public, private and nonprofit sectors’ role in welfare provision. To empirically analyze effects of changes in allocation and coordination of contracts to welfare service providers, it uses a concept of "active citizenship" that focuses on "choice" in the marketplace of welfare services, extended "responsibility" for individual carers, families and communities; and "participation" in service delivery, policymaking and governance (Newman and Tonkens). These dimensions align with the goals of collectivist struggles for empowerment. However, governments promoting active citizenship rights may also coopt political claims and turn them into individualized responsibilities and thereby advance consumerism at the expense of voice and power. Active citizenship is thus a contested concept.

The second paper focuses on the large differences in the prevalence of non-profit providers across different welfare areas in Denmark and which factors that can explain that the nonprofit-form thrives better in some welfare areas than in others. The theoretical perspective combines niche-theory and institutional logics. The first important factor is regulation and legal rules. An interesting point is that political attitudes towards non-profit providers are two-sided. On the one hand there is a positive attitude towards multiple providers giving citizens the possibility to choose between different types of providers. On the other hand there is an increasing level of government regulation blurring the differences between public and nonprofit providers and thereby challenging the nonprofit form. The degree of regulation however, varies significantly across welfare areas. Regarding legal rules, the various types of non-profit organizations are subject to different types of legislation. The second important factor is norms and expectations. Some nonprofit organizations in the area of socially marginalized people seem to work within a certain moral niche (Garrow & Hasenfeld 2012), and their specific competences to reach vulnerable groups are highly valued. However, in other areas the recognition of specific non-profit characteristics and values is less evident. Finally, the third factor is the degree of competition in the area is a third important explanatory factor. The extent to which non-profit organizations compete for users, resources etc. with other providers from the public or the private sector also varies between welfare areas. However, also local characteristics such as geographical distance between providers play an important role for the degree of competition.

The third paper compares cases from three Norwegian municipalities. The literature suggests several particularities stemming from the special operational logic – mostly religious or ideological - nonprofits are based on. They will often cater to specific niches that are unable draw attention from municipal or for-profit actors (Rose-Ackerman, 1996) and thus offer special services that minorities see as holes in the public sector (Rathgeb Smith & Grønbjerg, 2006, p. 224). Lately government reports has also hailed the ability of nonprofits to mobilize alternative resources as an argument to give them a privileged status compared to for-profits (Helse & omsorgsdepartementet, 2013, p. 12). The comparative case study of three Norwegian
municipalities has two comparative dimensions, one based on type of provider and the other on type of service. Each of the municipality cases has one municipal and one nonprofit provider selected for investigation and comparison. In each municipality, it compares a school and a nursing home with different kind of provider. In this comparative case study (Gerring, 2007, p. 28) cross case and within case analysis is combined to infer about how nonprofits are able to combine strong governmental oversight with a distinct culture and adherence to their own mission and goals.

The changing role of nonprofit welfare in the Scandinavian welfare model and consequences for active citizenship

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This paper focuses on how welfare politics; allocation of service contracts to public, private and nonprofit providers; and citizen roles are linked, by addressing the following research questions: what causes different development trajectories within the Scandinavian welfare model; Under what circumstances are active citizenship roles as opposed to narrower consumerist roles likely to occur? Does it make a difference if the providers belong to the public, private or the nonprofit sector?

Several recent policy documents point out that welfare services in a traditional sense are not sufficient to meet demanding challenges to the Scandinavian welfare models sustainability. New types of relations between the public purchasers of welfare services and the providers often involve different forms of quasi-markets, open tenders, frame agreements, or user choice. However, the Scandinavian countries have chosen different trajectories. In Norway the share of nonprofit employment in the welfare field is currently stable around 7 percent, in Sweden it is 3 percent – up from 2 percent in the early nineties, and in Denmark it is 14 percent. Corporatist countries like Austria, Germany and France with well-established, partly church-based, welfare services have nonprofit welfare employment shares around 25 percent. UK as an example of the liberal model has nonprofit welfare provision on the same level, but the services are organized in a different manner (Sivesind & Selle, 2009).

The most dramatic change is happening in Sweden. The number of employees in nonprofit organizations increased from 36 000 in year 38 400. However, the growth on the welfare field in total, including nonprofit, private and public sector employees, was even faster. As a consequence the nonprofit share decreased from 4 to 3 percent. The public sector has decreased its share from 88 to 80 percent. The private for-profit provision has more than doubled its number of employees and the employee share increased from 9 to 17 percent. Important reasons for this is a combination of strengthened general rights for user choice med (Loven om valfrihet LOV 2008:962), reduced barriers for establishment of new welfare services, and no restrictions on transferring profit to owners, even in primary education. Political support, equal opportunities for establishment, and a compact between the government and nonprofit organizations, has not been sufficient to avoid a decreasing nonprofit share of welfare employees. As a result of the altered institutional and legal context which is continuing to stimulate growth in the private nonprofit welfare, the Swedish welfare model is undergoing fundamental changes.

This also means that the Scandinavian model of nonprofit welfare is breaking up. Denmark has for a long time politically favored non-profit welfare provision as an alternative to the dominant public sector. However, more open tenders means that the for-profit provision is increasing in some welfare fields. Norway has preferred public provision as long as there is sufficient capacity, in particular in compulsory education and essential health services. However, the conservative government that came to power in October 2013 will open up for extended use of private for-profit provision in fields like child and family protection, drug and alcohol addiction treatment, and less essential health care.

These different current situations means the Scandinavian countries are excellent cases for comparative studies. To empirically analyze effects of changes in allocation and coordination of contracts to welfare service providers, we use a concept of "active citizenship" that focuses on "choice" in the marketplace of welfare services, extended "responsibility" for individual carers,
families and communities; and "participation" in service delivery, policymaking and governance (Newman and Tonkens). However, governments promoting active citizenship rights may also use these collectivist struggles to coopt political claims and turn them into individualized responsibilities and thereby advance consumerism at the expense of voice and power. Active citizenship is a contested concept.

The analysis is based on data on changes in share of service employment between private, nonprofit and public sector. Sources are Statistics Norway, Statistics Sweden, Statistics Denmark, ILO Labor Statistics, OECD, public policy documents and data from research on particular services in each of the Scandinavian countries.

Nonprofit organizations in Danish welfare provision – explaining differences across welfare areas

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In Denmark – as well as in other countries – there is an increasing focus on ‘mixed economy of welfare’, referring to new types of involvement of both private and non-profit actors in welfare provision. In spite of this development, not much attention has been paid to the specific characteristics of non-profit providers and the non-profit form across different welfare areas. However, the sparse available statistical data in the area shows large differences in the prevalence of non-profit providers across different welfare areas. For instance, in the area of education 15 % of the Danish children attend non-profit primary schools, while non-profit providers account for around 50 % of all providers in the area of care for socially marginalized people. There are also large differences across areas regarding the development of the number of non-profit providers over time. In the area of education, the number of non-profit schools has increased in recent years, while in the same period the number of non-profit providers in the area of day care has decreased.

In the light of the increasing focus on involvement of non-profit organizations it is important to understand what lays behind these various welfare dynamics in different areas. The main aim of this paper is therefore to shed light on the following research question: Which factors can explain that the nonprofit-form thrives better in some welfare areas than in others?

Based on insights from theories on institutional logics (Thorntorn et al. 2012) and niche-theory (Galaskiewicz & Bielefeld 1998) the paper seeks to identify factors both inside and outside non-profit organizations which can explain the differences across different welfare areas. The analysis will primarily be based on statistical information on the number and shares of non-profit organizations in different areas of social welfare combined with knowledge on legislation and the degree of public regulation. These data will be supplemented with empirical insights from qualitative case studies in two selected Danish municipalities.

To explain the differences across areas, one important factor is regulation and legal rules. Regarding regulation an interesting point is that political attitudes towards non-profit providers are two-sided. On the one hand there is a positive attitude towards multiple providers giving citizens the possibility to choose between different types of providers. On the other hand there is an increasing level of government regulation blurring the differences between public and nonprofit providers and thereby challenging the non-profit form. The degree of regulation however, varies significantly across welfare areas. Regarding legal rules, the various types of non-profit organizations are subject to different types of legislation.

Another important factor is norms and expectations. Some nonprofit organizations in the area of socially marginalized people seem to work within a certain moral niche (Garrow & Hasenfeld 2012), and their specific competences to reach vulnerable groups are highly valued. However, in other areas the recognition of specific non-profit characteristics and values is less evident.

Finally, the degree of competition in the area is a third important explanatory factor. The extent to which non-profit organizations compete for users, resources etc. with other providers from the public or the private sector also varies between welfare areas. However, also local characteristics
such as geographical distance between providers play an important role for the degree of competition.

Preliminary results show that not one of the factors above, but a constellation of different factors is needed for a sufficient explanation for the variation across different welfare areas (Ragin 1987). The theoretical perspective combining niche-theory and institutional logics can provide a nuanced understanding of the prevalence of non-profit providers in different welfare areas, with relevance that reaches beyond the Danish context.

Welfare providers: Distinctive goals and values in the regulated state?

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Universal social services have been, and are, a hallmark of the Scandinavian welfare model. Public financing is arguably the most important ingredient of the model, while the issue of who should provide the service has become a salient political issue. In Sweden for-profit provision has over the last 20 years continuously expanded its share of the welfare sector, in Denmark non-profits have over time played an important role within certain welfare sectors, whilst in Norway the public is still the dominant actor, but important political actors want to expand the scope for especially nonprofit actors, but also for for-profit actors (Sivesind, 2013).

Debates about who should provide the services are often focused on the quality and costs of the service (Hartman, 2011; Meagher & Szebehely, 2013; Petersen, Hjelmar, Vrangbæk, & la Cour, 2011), with perspectives on the broader impact type of provision can have on society somewhat overlooked. At the same time increased formalization and use of detailed contracts to administer the relationship between private providers and the public has been said to limit the scope of maneuver for non-public providers (Gulbrandsen & Ødegård, 2011, p. 51; Mosley, 2012). An increased use of competitive tenders to allocate contracts reinforces this disciplinary effect. Taken together this creates a huge tension between the values and mission that the nonprofits are funded upon and the need to adopt to government regulation to obtain necessary government funding.

The literature suggests several particularities stemming from the special operational logic – mostly religious or ideological - nonprofits are based on. They will often cater to specific niches that are unable draw attention from municipal or for-profit actors (Rose-Ackerman, 1996) and thus offer special services that minorities see as holes in the public sector (Rathgeb Smith & Grønbjerg, 2006, p. 224). Lately government reports has also hailed the ability of nonprofits to mobilize alternative resources as an argument to give them a privileged status compared to for-profits (Helse & omsorgsdepartementet, 2013, p. 12).

There are certain studies of how the values influence the operation of institutions (Chaves, 1998; Young, 1983), but for fully funded public services we have limited empirical insight in how the values the nonprofits are founded on influence their operation. The research question of the paper is therefor: how do the values underpinning the provider make it different from the in-house provision of the municipality?

The paper will investigate the role of values by comparing Norwegian nursing homes and schools. Both sector are the responsibility of the municipalities and seen as core activities of the welfare state. At the same time they make for useful comparisons as education can be seen as social investment while care for the elderly can be consider an “expense” to the public. In addition the two sectors have some interesting inbuilt tensions that make them suitable for comparison. Private alternatives to the municipal schools can only be opened if they indeed are built on a certain value, typically religious or ideological. Nursing homes need no such value underpinning. For nursing homes user pay is the same without regards for type of provider while private schools are expected to charge parents 15 % (but not more) of the costs as the public will only fund 85 % of the expenses per pupil. Another interesting difference is that for nursing homes a company can make a profit, while for schools this is forbidden by law.

The study thus has two comparative dimensions, one based on type of provider and the other on sector. The investigation is qualitative in nature as it focuses on three Norwegian municipalities, each with one municipal and one nonprofit provider selected for investigation and comparison. In
each municipality, it compares a school and a nursing homes with different kind of provider. In this comparative case study (Gerring, 2007, p. 28) cross case and within case analysis is combined to infer about how nonprofits are able to combine strong governmental oversight with a distinct culture and adherence to their own mission and goals.