

Solidarity-Based Third Sector Organizations in the “Proximity Services” Field: A European Francophone Perspective

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This article reviews the role of third sector organizations in the field of “proximity services” from a francophone perspective. We analyze how the new wave of initiatives inside the third sector in France and francophone Belgium can be seen as providing institutional responses to state and market failures that arise from trust-dependent and quasi-collective attributes of these services. These initiatives are often called “solidarity based third sector organizations,” a concept defined in this paper. A central assumption of this analysis is that the political context in which these services are delivered is especially important, particularly as reflected in the changing regulatory role of the state. This analysis takes, therefore, an economic sociology perspective.

KEY WORDS: proximity services; third sector; trust and quasi-collective goods; solidarity; civil society; embeddedness.

INTRODUCTION

The growing importance of human services in developed economies, the search for ways of fighting unemployment, and the “re-emergence” of interest in the third sector are well-known research themes, high on the agenda among policy makers and academics around the world. However, in French-speaking countries, these themes are now being jointly explored in a distinctive way. Increasingly, the francophone debate portrays these developments as deeply interconnected, and stresses the need to focus on these issues together, rather than in isolation from

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one another. The purpose of this paper is to provide a synthetic interpretation of this discourse, with a particular focus on the place of the third sector within it.

In fact, for over a decade, a debate has developed regarding “proximity services,”⁴ including such activities as child care and home care for the elderly, in which the third sector is an important component. Despite various difficulties in estimation, all studies carried out over the last ten years converge in concluding that potential demand is growing for these services as a reflection of a range of ongoing demographic, social, and cultural changes (European Commission, 1995). Within the present context of structural underemployment, these services are, therefore, the focus of increasing interest for their job-creation potential, especially for the less skilled.

However, if the employment potential of proximity services has been recognized for some time, not many satisfactory jobs have actually been created. This is the paradox that underlies proximity services, and one that is important to grasp, given the failure of the many different measures taken to develop these services. Our hypothesis is that the design of public policies aimed at stimulating these activities must go beyond the mere imperative of job creation, and cannot avoid giving much more attention to market and state failure problems. These problems arise from the quasi-collective, trust-dependent characteristics of these services.

In this context, the central contribution of certain forms of third sector or social economy organizations, as they are typically known in francophone debates, comes increasingly to the fore.⁵ Case study research appears to demonstrate the actual and the potential role of a new wave of such organizations in providing institutional solutions to market and state failures. These initiatives are often called “solidarity-based” third sector organizations because their way of functioning may differ from the traditional functioning of the structures of the third sector, and the market-based economy at large.

The analysis of these issues in this paper takes an economic sociology perspective by drawing heavily on the idea that economic institutions are social constructions and are embedded in society (Granovetter, 1991). More precisely, a central assumption of this analysis is that the political context in which these services are delivered is especially important, particularly as reflected in the changing regulatory role of the state.

⁴An approximate translation into English of the French expression “services de proximité” would be “household and community services,” but in order to preserve the specificity of the notion, we use in the text the literal translation “proximity services.” Its conceptual meaning is explained below.

⁵The notion of social economy is well-established in francophone discourse, and also has some resonance in other language communities (Defourny and Múnzon-Campos, 1992). It includes the set of private organizations whose objective is not profit maximization (Gui, 1991), mainly cooperatives, mutual funds, and associations. In Belgium, the Walloon Council for the Social Economy (Conseil Wallon de l’Economie Sociale) has defined the ethic of these organizations by the following principles: aim of providing members or the community a service, rather than generating profit; independent management; democratic decision-making, and priority given to persons and work over capital in the distribution of income. Henceforth, we will use the term “third sector” as our shorthand.

The paper proceeds by setting out in more detail the meaning of *proximity services*. We then analyze the way in which these services developed in and around ongoing shifts in welfare state policy. This narrative is necessary in order to highlight some of the failures or difficulties associated with the political *status quo ante*, the policy legacy fraught with market and state failures that constrains but also informs ongoing and future policy change. Against this backdrop, we define the concept of “solidarity-based” third sector associated with it in the field of proximity service. Final sections draw conclusions for third sector policy analysis and third sector theory.

THE SCOPE OF PROXIMITY SERVICES

The concept of “proximity services” was suggested at the end of the 1980s by Eme and Laville (1988) to identify new services embedded in local space expanding because of ongoing demographic, social, and cultural changes. This notion has rapidly caught on in political discourse in the French-speaking European regions and nations (primarily France and the Wallonian region of Belgium), and at the broader European level (European Commission, 1993 and 1995). The European Commission (1995) has distinguished four areas: everyday services, “quality of life” services, cultural leisure, and environmental services. Nowadays, a consensual definition does not really exist, lists follow upon lists, and the choice of the activities that make up this category is a pragmatic rather than a conceptual question.

However, in order to get a better grasp of the deeper issues underlying the development of these services, and to understand shared features and influences for analytic purposes, we do need to attempt some overarching conceptual mapping. Two key dimensions can be explored in turn: the proximity dimension and the dimension of (quasi)-collective good.

Proximity

The dimension of proximity can be objective or subjective in nature. It is *objective* if it can be defined through objective features of space and time. Proximity is therefore geographically circumscribed by a specified territory (as in the case, for instance, of the improvement of living conditions) or it implies a physical proximity between the provider and the user (such as in services to persons). This aspect of proximity is what appears to underlie the approach of the European Commission (1995), which insists on the notion of territoriality by entitling its report, *Local Initiatives of Development and Employment*. There is also a proximity in time when the service implies some regularity in provision.

However, services are characterized not only by an objective, but also by a subjective form of proximity. Proximity is *subjective* when the kind of relationship that arises between the provider and the user determines the quality of the service. These services can be labeled “relational.” The extent of this relational dimension

is variable. For example, while essential in the case of child care, this subjective proximity is less important for services such as housework with a more “material” content.

Subjectively proximate services tend to involve, first, vulnerable users; second, high labor-intensity and a nonstandardized character; and third, and relatedly, they are experience goods (Tirole, 1988) because their quality can only be known *ex post*. Trust between stakeholders, therefore, plays a crucial role in service delivery.

Quasi-Collectiveness

In general, the distinction made by economists between *collective* goods and services and *private* goods and services also helps us to conceptualize this field. Private goods are those whose consumption is divisible, for which discrete consumers can be clearly distinguished. In contrast, collective goods and services are indivisible. A significant portion of individual proximity services combine private and public components. They generate not only private benefits (that is, benefits flowing solely to the individuals who consume these services), but also collective benefits in terms of externalities or equity. For example, child care improves the functioning of the labor market, and some domiciliary services to elderly people generate collective externalities in terms of public health. Many community services also contribute to strengthening social cohesion by reducing the isolation of the elderly, socializing and educating children, fostering links between neighbors, and so on. Because of these collective externalities and/or the related equity issues, proximity services can be thought of as *quasi-collective* in character.

The quasi-collective nature of many proximity services and the relevance of equity implies market failure and calls for public regulation (Badelt, 1990). The externalities at stake tend to be “nondepletable,” and cannot be “internalized” by the market mechanism (Mas-Colell *et al.*, 1995). These regulations can concern financing, legal status or the norms of approval, and control of providers.

In summary, both proximity and some degree of collectiveness tend to be present in “proximity services.” Taking these two dimensions together, we can define proximity services as:

services that respond to individual or often (quasi-)collective demands, typically involving proximity, which can be objective (i.e., embedded within a specific local space) or subjective (i.e., connected with the relational dimension of provision).

THE DYNAMICS OF THE PROXIMITY SERVICE FIELD: THE CONTEXT IN FRANCE AND BELGIUM

While the *concept* of proximity service is relatively new, it refers to a series of practices and public policies that have existed for many years. These policies have profoundly influenced the shape of the field of proximity services, and are currently

in a phase of deep and sustained transformation. We will divide our overview into three parts. First, we sketch the role of the state and associations in social services prior to the onset of the welfare state “crisis” in the late 1970s. Second, we explain how the policy environment in which proximity services are delivered evolved in this context, including an account of how market forces have entered the field most recently. Third, in each case, we describe the most salient aspects of the interaction between the development of proximity services and relevant public policies.

The Traditional Roles of the State and Associations

As in other parts of the world, many proximity services in francophone Europe have traditionally been provided primarily through families and informal networks, escaping all formally organized monetary exchange. However, in certain specific areas, including domiciliary care for the elderly and child care, the third sector, in the form of volunteer-based associations, pioneered formally organized services (for Belgium, see Defourny and Nyssens, 2000; for France, see Laville, 2000). Indeed, the development of the welfare state after World War II relied heavily on these associations. While the state participated and continues to participate in the financing and regulation of these services, the provision has usually been shared between direct state service, particularly at the local level, and the associations. At the same time, since the 1960s, associations have been characterized increasingly by a mix of paid work and volunteering, rather than by sole reliance on volunteering.

Perspectives relating to the for-profit sector were, at this point in time, irrelevant simply because of the complete absence of commercial providers from the field in practice. Rather, the relationships that evolved can be understood in part by drawing upon arguments from the literature on third sector-state relations. For example, the theory of voluntary failure (Salamon, 1987) identifies “philanthropic insufficiency” (the limited possibilities of obtaining resources from voluntary sources) and “philanthropic particularism” as prompts for state action, and these were certainly recognized as problems necessitating greater state involvement in the public interest.

The fact that the associations retained a role in the provision of proximity services can be explained by two arguments. First, the state had a financial interest in delegating this provision to the associative sector because the latter proved able, to an extent, to mobilize voluntary resources. Moreover, paid labor costs appeared to be lower in associations than in publically provided services reflecting structural differences, and associations also seemed positioned to develop services that respond to specific demands unmet by the public sector. Initiatives relying on voluntary work could enhance basic services. For example, volunteers driving elderly people to the hospital or to the shopping mall could be organized “around” a subsidized service for elderly people provided by associations.

Second, we can stress the inability of the state not only to finance, but also to produce certain heterogeneous services. The state had a limited ability to respond

to differentiated and heterogeneous demands (James, 1990) because of its centralized and bureaucratic mode of management. It, therefore, funded associations to actually provide services, on the assumption that they are more sensitive to particularistic demands.

Social Measures to Relieve Unemployment, and Their Consequences

The extent of the state's influence, linked to the resources of the welfare state, has been, in turn, dependent on the economic growth rate. The recessionary slow down from the late 1970s onward triggered a "crisis" in the Welfare State (Evers and Wintersberger, 1990). In this context, from the mid-1980s, steps were taken to develop proximity services, as a means of both creating jobs and curbing mainstream social spending. These attempts were based on the simple observation that, on one hand, a number of unsatisfied social needs existed; and, on the other, a large number of people were unemployed. It, therefore, seemed logical to encourage the creation of new jobs in an area that could satisfy social needs. This was the reasoning behind active labor policies introduced to give the unemployed access to "bridging" jobs. We can identify two kinds of policies that have influenced the field of proximity services.

A first set of policies includes programs offering intermediate forms of employment, between unemployment and social assistance, providing for a reduction in employer costs funded by the state. Examples are the programmes de résorption du chômage in Belgium and contrats emploi-solidarité (CES) in France. Many organizations offering proximity services continue to be supported to a substantial extent by these programs. A recent survey in the field of the proximity services shows that, in the predominantly french speaking Charleroi region of Belgium 40% of workers in associations and 18% in public services rely on this type of program (Gilain *et al.*, 1998). Associations traditionally active in this field have tried to overcome the mainstream funding shortfalls associated with the climate of fiscal austerity by moving into these schemes. Thus, for instance, traditional domiciliary care services hired workers under these arrangements in order to ensure the continuity of their services.

A second set of policies aims to provide work on a temporary basis for long-term unemployed people outside existing organizations. In Belgium, the year 1995 witnessed the consolidation of the system of "local employment agencies" (ALE), which had made its appearance a few years earlier at the level of municipalities. This system can be viewed as a "workfare" policy for the most hard-core group of unemployed people: the long-term unemployed now have an obligation to register into this structure (Ministère belge de l'emploi, 1998). A system of "intermediate associations" in France has the same objective: to provide work on a temporary basis for the long-term unemployed, although here there is no obligation (Ministère

français de l'emploi, 1998a). Most of the activities undertaken as part of these structures, which must be undertaken on a not-for-profit basis, are in the field of proximity services.

The results of these policy initiatives, however, have proved disappointing. Although they have allowed many people to avoid permanent social exclusion, their limitations are now well-known, particularly in the case of proximity services. A first problem has been the gradual emergence of a secondary labor market. The permanent use of casual employment has led to a separate labor market where, in most cases, badly paid, unskilled work, performed on the basis of short-term contracts, does not provide the real "bridge" between unemployment and employment that the policies' designers had intended. Indeed, evaluations in Belgium have shown that the probability of exiting from these positions into a "classical" job is actually lower than for unemployed persons who do not benefit from these positions (Mahy, 1994). The same phenomenon was identified in France: young persons leaving the school system in 1989 were more likely to be unemployed at the end of 1991 if they had in the meantime been employed on a CES scheme than if they had not (Elbaum, 1994). Moreover, in the Belgian case, the ALE system seems to have worsened social exclusion problems by encouraging the growth of a largely unregulated new category of domestic servants that cost very little. Because these measures have focused exclusively on the right to an income and neglected the content of the work, they have failed to give sufficient attention to employees' self-esteem (Elster, 1988).

This has given rise to a second problem: Job integration and the provision of proximity services are regarded as one and the same. This "social management" of unemployment is a mechanism that leads to the devaluation of the jobs created, generating a range of perverse and unintended effects for the promoters of the projects and for users alike. Beneficiaries have found themselves in jobs that they have not been able to choose, allocated simply because they happened to be vacant at the right moment, while the associated tasks have involved little relationship with one another. Effectively discovering proximity services more by necessity than by choice, those beneficiaries have only access to temporary jobs, with no provision for learning in the long term. This situation has created particular problems in those caring and relational activities where a high level of professional and social skills is required. For instance, the providers of home care for elderly people often have to deal with problems arising from chronic, complex conditions, such as Alzheimer's disease. These needs can only be met with appropriate qualifications and expertise. Often, the requisite skill building and training of the unemployed people who contribute to care are not ensured in these employment schemes.

Moreover, the point of view of the users has become secondary. Their interests are poorly taken into account, and evidence shows that valued services with a high subjective proximity context have been displaced by more "material" activities. For example, recent evaluations of ALE have shown that the majority of activities

on this scheme tend to benefit users' families, including household work or small gardens, rather than relational social care activities, such as home care for sick children.

In summary, it is now widely accepted that the social measures introduced to relieve unemployment, and presented as an opportunity for developing the proximity service field, have ended up creating a raft of new problems. In the 1980s, the state recognized the role of the associations and made heavy demands on them to implement the social measures for the unemployed. However, many found themselves struggling to offer satisfaction for employees and users alike. Many were also submerged under a mesh of measures and programs so complex that they began to question the objectives pursued and how much control they had over their actions.

Market Forces Come into Play in France

The almost complete dominance of the state and the third sector in proximity services has come under increasing challenge in recent years, particularly in France. In Belgium, the private profit-seeking sector has remained more peripheral as a provider of publicly funded proximity services. This reflects the extent to which state regulations have forbidden for-profit organizations from receiving funding through mainstream budgets, or through ALE and other schemes. The for-profit market penetration has been purely for privately funded and supported services. In contrast, in France, from the beginning of the 1990s onwards, the terrain has become much more open for commercial providers as a result of public policy innovations of a quasi-market character. This approach has gained further ground as the disadvantages of trying to link job integration schemes and proximity services described above became more widely known. The new maxim was the creation of "real jobs." This was the goal of a "family jobs" program established in 1991. This involves tax credits for all taxable households that created jobs at home, and since 1993 has involved the use of service employment "vouchers," designed to simplify the administration of contracts between employers and employees. The "family jobs" program has undeniably been successful in generating employment in such areas as housework, gardening, and minor repairs, but few jobs involving relational care activities have appeared. Instead, employment has tended to resemble old style arrangements between "domestics" and employer households.

For-profit providers anxious to become involved had initially complained that these reforms did not go far enough. In particular, by the mid 1990s, the National French Employers' Council (CNPF), was arguing that proximity services had suffered as a result of for-profits' lack of involvement. According to the CNPF, the market sector could bring to proximity services "its competence, its competitiveness and its capacity for organizational engineering to enhance their credibility"

(CNPf, 1994, p. 24). The approach promoted by the CNPF has envisaged supply-and-demand adjustment mechanisms based on the particular characteristics of the field of activity. On the supply side, the elimination of “fill-in” jobs and a focus instead on “industrial-scale” supply was suggested as the only form of supply capable of guaranteeing the quality of personal services: It is also argued that commercial investment in this field would only be feasible if policy reforms were designed to give back even more “freedom of choice” to the consumer.

These lobbying efforts met with some success. The Union of Personal-Service Enterprises (SESP), set up by the CNPF and incorporating some of the largest for-profit groups in terms of workforce size, succeeded in getting the tax exemptions allowable for “family jobs” extended to enterprises under the terms of a law adopted on January 29, 1996. However, these tax breaks were not made available for the third sector. To date, however, for-profit market penetration has remained limited. Only 64 for-profit companies were active in 1997 out of a total of 4,541 agencies officially operating in “personal services” (Ministère français de l’emploi, 1998b).

While the “open market” formula promoted by CNPF has some undeniable advantages (particularly extended user choice and incentives towards efficiency), the extension of market logic to proximity services has generated problems of both efficiency and equity. First, an imbalance in proximity services, with relational services tending to be undersupplied, and purely material services oversupplied. Second, as far as relational services are concerned, in many cases, the vulnerability of users limits the possibilities of shifting from one provider to another, thus limiting possibilities for competition-driven gains in choice and efficiency. Moreover, from the point of view of equity, the subsidized quasi-market formula being adopted in France seems to take insufficient account of the extent of users’ needs, and runs the risk of creaming. Providers have had a tendency to refuse “heavier,” or more dependent (and demanding), and hence costlier, users (Le Grand and Bartlett, 1993).

PROXIMITY SERVICES AND SOLIDARITY-BASED THIRD SECTOR ORGANIZATIONS

These public policy developments have involved major changes in the regulatory environment. We have seen the systemic difficulties that have evolved as state-led policy initiatives have been acted out, and that, most recently, the for-profit and domestic sector responses have been fraught with failures and distortion. At the same time, many third sector organizations have felt both overburdened and unable to respond to the needs of employees and users alike in this difficult climate, while also feeling cheated by their fiscal disadvantages compared to other sectors.

However, a more positive development has been the creative response of some third sector organizations, which have actively sought to provide an alternative to both state-dominated and market-dominated approaches. In fact, from as

early as the 1980s onward, the associative fabric in proximity services has been transformed by a growing number of new wave local initiatives. We refer to these new agencies (and structures within existing entities) as “solidarity-based third sector organizations” (STSOs) to distinguish them from the broader, traditional third sector. Ten years of qualitative research, involving 69 case studies now provides a basis for describing the contours of these organizations in France (ADSP, 1992; Colin *et al.*, 1995; Eme, 1987; Gounouf, 1997; Marchat and Laville, 1995). In Belgium, building on earlier case study evidence (Defeyt, 1996), a survey of providers in the city of Charleroi provided the basis for a mapping of proximity services, allowing for comparisons of third sector organizations with their public sector and for-profit counterparts (Gilain *et al.*, 1998).

Distilling this case study material, it is possible to suggest an ideal type (in the Weberian sense of a stylized representation) of STSOs, involving two main characteristics (Laville, 1992):

- The services are *designed in local public spaces*, which make it possible to shape supply and demand together.
- Once the services have been established, they are consolidated by *hybridization* between the different types of financing and resources: from the market, through subsidies and through donations and volunteer work.

Taken together, these elements imply “solidarity” because they involve the mixing, in practice, of resources in such a way as to allow the development of civic dialogue underpinned by a strong sense of reciprocity. In what follows, we explain each element in turn.

Local Public Spheres for Joint Shaping of Supply and Demand

First, the case studies reviewed show the particular importance of the inclusive process, which underpins the design and operation of STSOs. These services take as their starting point the daily practices of populations, the relations and symbolic exchanges that make up the daily fabric of local community life, and the aspirations, values, and desires of the people who use them. They imply a break with the situation in which users are obliged to accept one of the formal services or to use moonlighting to solving privately, on an individual basis, their daily problems. Instead, a determined effort is made to develop a solution by dealing with these needs collectively in the public sphere. From a gender perspective (Leira, 1992; Lewis, 1992), the fact that these initiatives contribute to the *public sphere* distinguishes them radically from the domestic economy. Through these “micro-public spaces,” supply and demand are shaped together through dialogue, overcoming users’ fears that their privacy will not be respected while helping to formalize extremely diverse demand. These spaces, open for local discussions between different stakeholders, act as autonomous public spaces (Calhoun, 1992) and allow for direct expression by people to develop a shared understanding of

the common, public good. They can be characterized as developing reflexivity in civil society by problematizing aspects of social relations that were previously undiscussed except by a few experts (Giddens, 1994).

The distinctness of these services from a user perspective is that they tend to be actively involved in service design. Services, therefore, do not merely reflect either the use of “top down” market research or public planning technologies. The regional Belgian survey referred to above shows that third sector organizations, including STSOs, involve more users in their structure than for-profit private or public organizations: 57 percent of associations involve users, while 0 percent of for-profit organizations, and 33 percent of the public sector involve users (Gilain *et al.*, 1998). The type of user’s involvement is variable: examples include acting as member of the board of administrators, or participating in the functioning of the service, as with child care centers where parents and child care professionals take turns looking after the children. More generally, professional assistance eases tension by involving the users and their families in the preparation of an assistance plan. The triangle formed by the association, the users, and the employees gives families an active role, while at the same time encouraging more objectivity through the thought given to the question by all those involved. As a result, services are tailored to reflect family resources in such a way as to strengthen family ties rather than aggravate isolation. This has traditionally been a major problem for women who care for elderly parents. In the field of child care, the French parental crèches, first created in 1968, are often partly run and managed by the parents who participate in the general assemblies and nominate the board members (Ministère français de la santé publique, 1997).

Other type of stakeholders can be observed in these associations, reflecting their embeddedness in local networks: volunteers, representatives of other associations, local public officers or professionals, and so on. Therefore, the dimension of proximity is reinforced by the way in which the service itself is organized.

Second, and this can be seen as partly a consequence of the previous point, STSOs take into account equity of access and collective externalities. For example, with regard to equity in rural or urban deprived locations, for-profit providers have shown little or no interest in market entry because there appears to be no potential opportunity to generate significant profits. STSOs are then often the only providers operating in these locales. STSOs are positioned to respond to collective externalities because of their local rootedness. For example, they are particularly well positioned to coordinate the activities of local service professionals in designing care packages for elderly people living at home because of the unique store of knowledge and information about the area that they possess.

Combining Diverse Financing and Resources

STSOs not only jointly shape supply and demand in public spheres for local services, but they also consolidate their position by combining market and

public financing with nonmonetary resources. Figures from the Charleroi survey in particular reveal that the third sector has a more diverse range of resources at its disposal than the other sectors (Gilain *et al.*, 1998). They include, of course, public funding, but also significant access to funds from other third sector bodies (e.g., parent bodies), private donations from individuals, and volunteer work. By contrast, neither public nor for-profit providers mobilize volunteers or private giving, and both turned out to be heavily dependent on just one source of income (public subsidies for public sector providers, and private fees for for-profit providers).

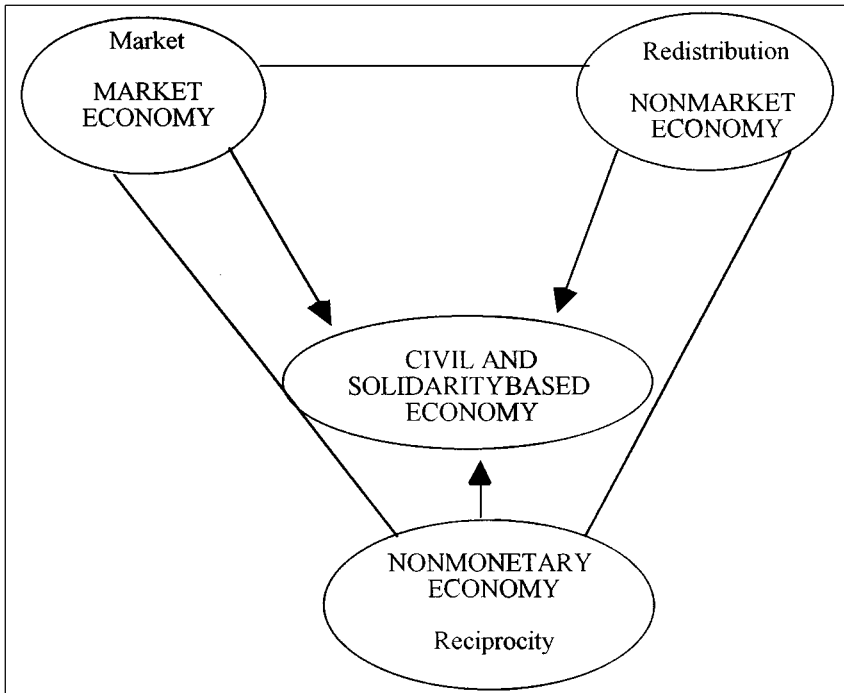
It is only through the combination of volunteerism, public resources, and market income that failures associated with each sector acting in isolation can be avoided. *Hybridization* of resources can be seen as a way of consolidating services, as it balances market dependence, public financing, and nonmonetary resources to guarantee both the autonomy of services and their economic viability. The legal status of associations supports this position by ensuring the reinvestment of net earnings in service activities.

STSOs within a Civil and Solidarity-Based Economy

The proximity services delivered by STSOs can be conceptualized as constituting the core of a “civil and solidarity-based economy” in the context of a “plural economy” (OECD, 1996). Following that analysis, we can say these services are based on the use of a different economic principle from the market and redistribution. This is the principle of *reciprocity*, which governs the process of interaction through which the services are organized. This reciprocity corresponds to the relationship between groups and individuals by means of services that derive their meaning from the desire to develop a social link between the parties involved (Mauss, 1950; Polanyi, 1957, p. 19). As Polanyi originally showed, three economic principles characterizing the patterns in the relationship between economy and society—market, redistribution, and reciprocity—can be distinguished. The reciprocal impulse is different from market trading because it cannot be dissociated from a “human face,” which is tied up with the desire for recognition and power. It is distinct from redistribution because it is based on symmetry rather than centralization. This is captured schematically in Fig. 1. We visualize the STSOs described above as constituting the heart of broader “civil and solidarity-based economy” space, positioned closer to the “nonmonetary economy” and dominated by the reciprocity principle. Third sector organizations other than STSOs, not involving the joint shaping or hybridization, would logically then be represented as away from this core, and more influenced by the market and redistribution concerns.

LESSONS FOR POLICY

Despite the innovative efforts of STSOs, we would argue that public policies in France and Belgium have generally been insufficiently responsive to their needs.



Source : OECD, 1996.

Fig. 1. Civil and solidarity-based economy: an ideal-type.

Many third sector activities certainly seem to have been overburdened and distorted by the state. More generally, the regulatory arrangements we have described tend to reflect too closely the interests of other sectors, including the (traditional) state, and in France, private households and for-profit companies. The result is more pervasive market and state failures than necessary. In the case of French child care, the putative move to an “open market” subsidized by the state has even translated in practical terms into discrimination against the efforts of STSOs. As already observed, tax deductions have been made available for “family jobs” for employment through a domestic, private contract between households and individuals or for-profit agencies, whereas families that obtain child-minding services through associations are not eligible for these tax deductions. In addition, service employment vouchers have not been made available for parents who use collective child-minding services, including those supplied by STSOs, but restricted to parents who directly employ workers on a private basis. This has left the third sector feeling marginalized and frustrated at its inability to provide quality services for people in need.

However, in some locales, there are signs that policy more sensitive to STSOs are beginning to emerge. In such cases, we can observe ongoing change in the

objectives and methods of public intervention so that STSOs have room to develop more fully alongside other providers in the “plural economy.” A relevant example is provided by the policy adopted in 1996 by the Regional Council of Nord-Pas de Calais in France “designed to create a framework for professional jobs and to ensure that these new activities are rooted in social reality” in order to “promote the development of viable, lasting activities which are accessible to everyone” (Hascoet, 1996). A reluctance to move away from traditional arrangements on the part of implementing public authorities has presented barriers to this approach. But nevertheless early anecdotal evidence suggests that a more pluralistic and open style of policy is emerging.

LESSONS FOR THIRD SECTOR THEORY

The identification of an ideal (stylized) type of STSO active in proximity services implies the need for a socioeconomic analysis, which takes a comprehensive look at the way in which the third sector operates against the backdrop of an evolving policy, particularly regulatory, context.

The distinctive way in which STSOs emerge as a partnership with various local actors in local public space suggests an interpretation of these organizations’ linkages to trust, which is considerably richer than the legal-economic perspective of Hansmann (1987), with its heavy emphasis on legal constraints on profit distribution. First, the problem of trust is not only linked to asymmetries of information (between the user and the provider, and between the funder, as public authorities in the case of subsidies, and the provider) for a given (implicitly stable) regime. Instead, it needs to be related to the *incomplete* character of information to the proximity services, which reflects also more general volatility in the regulatory environment. Trust must be built within a fundamentally uncertain context, which is not reducible to static asymmetries of information. Not only are these experience goods involving “coproduction” between provider and user, but also, at least in the French and Belgian cases, the wider regulatory context is complex and unstable because of broader economic and social pressures.

Second, as existing third sector literature has already begun to underline, the nondistribution constraint is not sufficient for building trust (Ortman and Schlesinger, 1997). STSOs show various ways to develop it. These associations are collective entities based on an interactive process among different types of stakeholders. This can be connected to the importance of the representation of the stakeholders within the organizations (Ben-Ner and Van Hoomissen, 1991), and to the benefits of multiple stakeholders organizations (Borzaga and Mittone, 1997). However, STSOs’ contribution cannot be understood by focusing on legal structure alone. The actual practice of designing and executing services, freely defined by their locally rooted organizers, is what matters. This way, STSOs have sought

to guarantee both the quality of services and employment, as well as facilitating the lasting involvement of voluntary workers and users. Incidentally, this active involvement by volunteers reveals that these persons are not only a distinctive way of mobilizing resources and therefore provide quasi-collective goods (Weisbrod, 1977), but also are fundamental to the development of trust. In this way, voluntary commitment and “genuine” paid employment can complement each other.

This leads us to the socio-political dimension of STSOs. They seem to encourage a process of learning about public life and help to stimulate democracy because they are the creation of actors in civil society who are speaking out about the specific problems they encounter, involving self-reflective expression (Giddens, 1994). Moreover, these actors can commit themselves to ensure the durability of relations based on the freedom and equality of the members of the group by seeking to ensure that they can all express their views and participate, regardless of their status (as employee, volunteer, or user). Crucially, the learning process can also involve drawing up plans for institutional and political change rather than the simple provision of services. As part of this process, we have noted how STSOs also played a central role by taking certain questions out of the domestic sphere, and socializing their treatment or by revealing latent social needs of otherwise socially excluded local populations.

What are the motivations of the entrepreneurs who drive this process? James (1990) has developed the argument that ideological commitment is central. In the French and Belgian situation, the case studies reviewed tend to show that the relevant entrepreneurs were particularly motivated by the collective benefits generated by their activities. In economic terms, they explicitly value the positive externalities and equity issues attached to the service delivered. This can be connected to the model proposed by Preston (1993). We could characterize this entrepreneurship as “social” or “civic.” Of course, this collective dimension of motivation does not imply that these persons are purely altruistic. More precisely, stakeholders adhere to the collective project developed by an interactive process. This implies that the objective function of these “social” enterprises is multidimensional. Indeed, these enterprises combine different goals, which can be economic (as creation of employment and pecuniary goals) and social (as provision of quasi-collective goods). We should underline, moreover, that this entrepreneurship is more collective than individual because, quite often, a group of persons is the driving force behind the project.

Finally, the interaction between the joint development of STSOs, other organizational forms, and public policies is at the core of our analyses of the proximity services field. The character of proximity services cannot be fully understood simply by analyzing public policies. The form the services take cannot be considered to be the result of “public” construction alone, but rather of processes of interaction between public policies and a wide variety of private initiatives, stronger or weaker depending on the period concerned. To understand more deeply the development

of the third sector, we need to attend to their “sociopolitical embeddedness” in the sense of “contingencies associated with historical background, social structure and collective action, and the constraints imposed by already existing institutions” (Granovetter, 1991, p. 77).

CONCLUSION

We hope that this review will serve to strengthen the dialogue now emerging on the development of conceptual frameworks for analyzing the third sector, the social economy, and other labels used to identify the space between markets and states. The synthetic turn in the francophone debate on proximity services in Europe reviewed in this paper reflects a combination of factors, including the desire to take fully into account the social and political context of economic action, as theorized within economic sociology; a build up of evidence of the dysfunctional character of public regulation and control, and market driven arrangements, in proximity service delivery systems; and case study research, which appears to demonstrate the actual and potential role of certain forms of third sector organizations—STSOs—in such situations, as providing an institutional solution to state and market failures.

The conceptualization of these organizations underlines the “character fundamentally open, pluralist and intermediary of the third sector” (Evers, 1995) and converges with the analytical approach of welfare pluralism used by several authors (Evers and Wintersberger, 1990; Kramer *et al.*, 1993; Pestoff, 1992, 1996). Comparing the triangle of welfare pluralism with the three poles of market economy, state, and private households, the civil and solidarity-based economy triangle gives the same importance to the dimension of public space inherent in third sector collective action. However, this approach also insists on the plurality of economic principles in contemporary economies in a perspective developed from Polanyi’s substantive conception of economy, which provides an important way of understanding the third sector’s contribution.

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