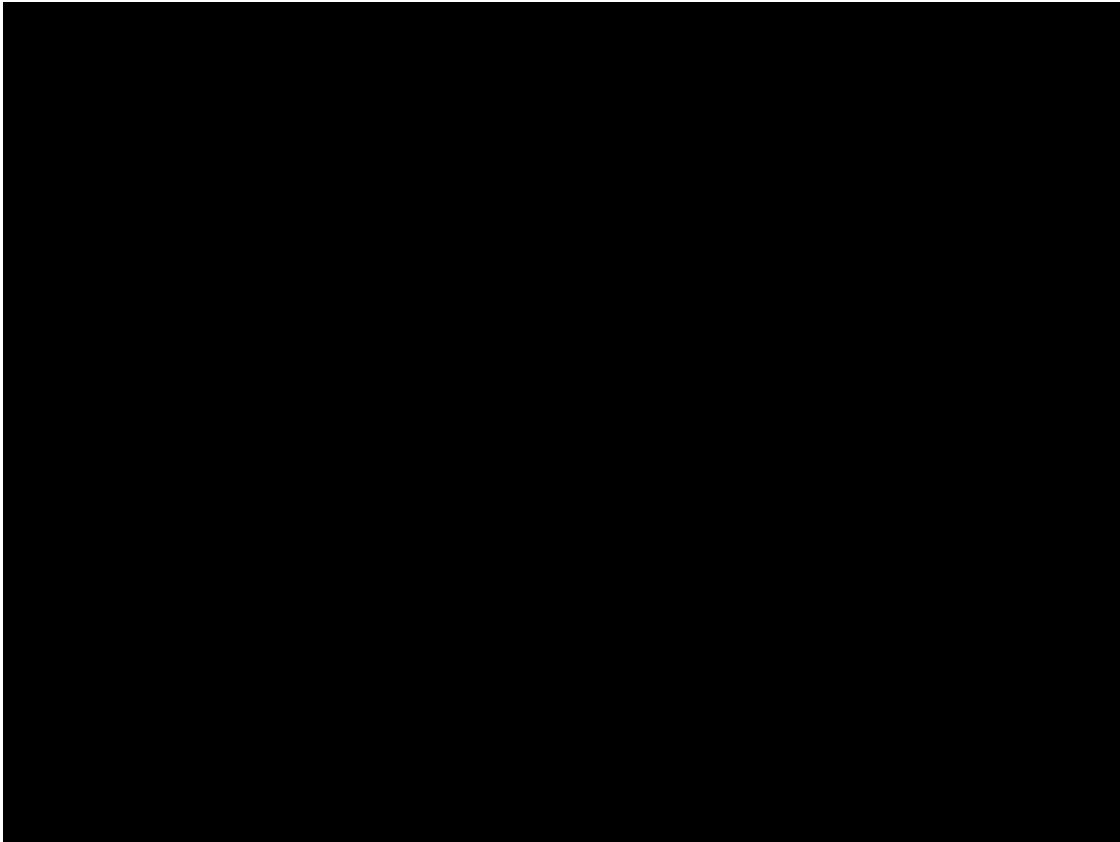


# The third sector and the imperative of professionalization

27 -28 November 2012, Lisbon, Portugal

Sara Balonas : Communication and Society Research Center : University of Minho





# 1. an overview





# “Doing good”

philanthropic acts  
charity meetings



## palliative acts

short term solutions with no real capacity to solve  
problems that affect people and communities



# growing professionalization of the civil society

leading place to organized third sector, also named nonprofit organizations.

Diversity of organizations dedicated to many different areas, catalogued in the *International Classification of Nonprofit Organizations* – ICNPO.



# growing professionalization of the civil society **portuguese scenario**

- 1. Culture and leisure:** cultural, sports and entertainment associations, private nonprofit museums, cultural foundations;
- 2. Education and research:** social solidarity private institutions, educational institutions from religious congregations, private research nonprofit institutions;
- 3. Health:** social solidarity private institutions with health purposes, hospitals belonging to religious orders;

(Azevedo *et al.* 2010: 25)



# growing professionalization of the civil society

**4. Social services:** social solidarity private institutions, volunteer fire associations;

**5. Environment:** nongovernmental environment institutions; animal protection associations;

**6. Development and housing:** local development organizations (non-public);

**7. Law, cause defense and politics:** rights defense associations; minorities associations;

# growing professionalization of the civil society

## **8. Philanthropic intermediaries and volunteerism promotion:**

Food Bank, grant making foundations;

## **9. International:** nongovernmental organizations of cooperation for development;

## **10. Religion:** religious institutes, parish plants;

## **11. Business associations, trade unions, professional associations.**

(Azevedo et al., 2010: 25)





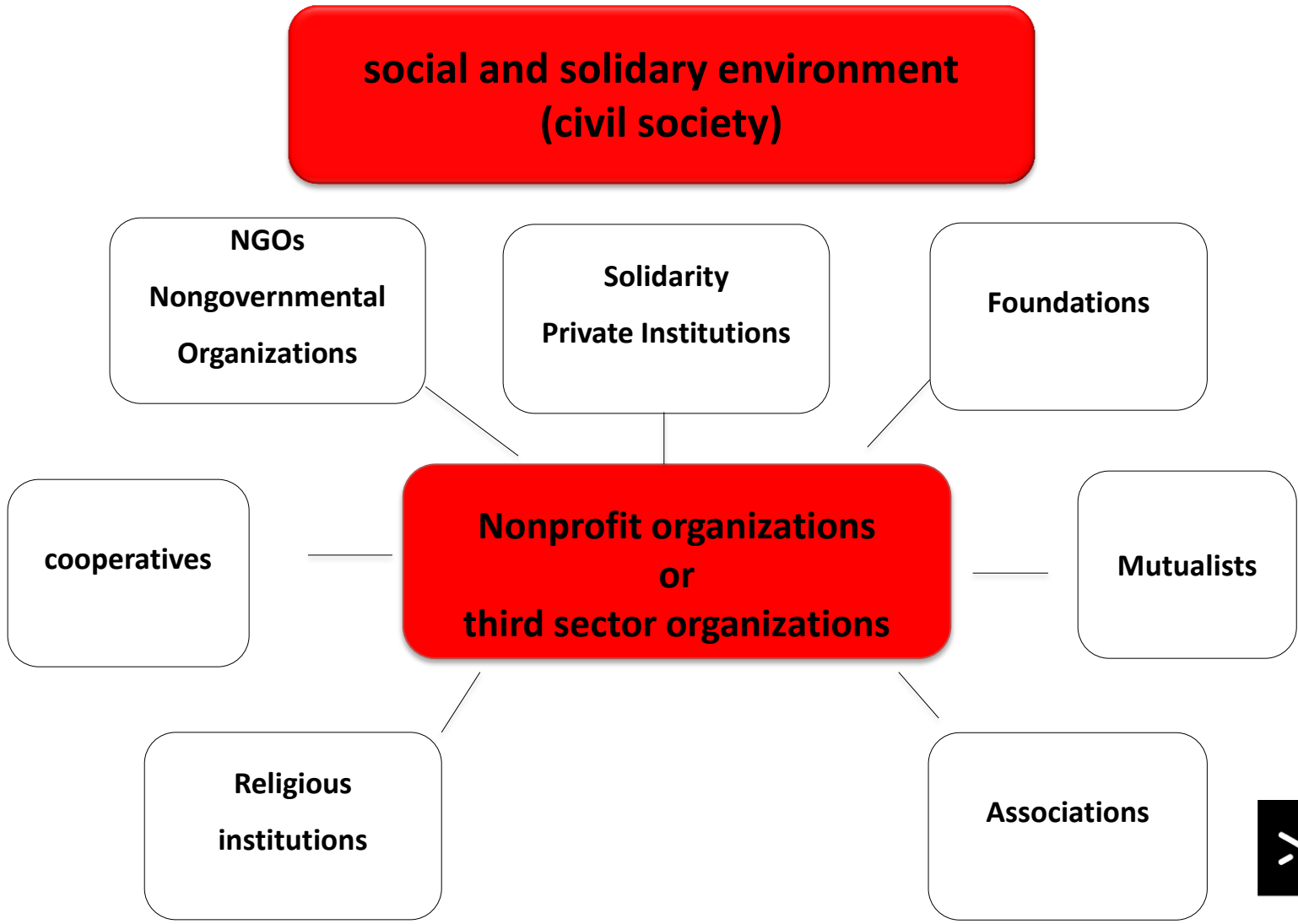


Diagram 1 – social and solidary environment (designed based on Azevedo et al. (2010: p.17-22))

## third sector **activity**

**Services** (home support, healthcare, training, skills development, food or cloth provision, among many others).

**Social change** (through defending causes and changing mindset).

**Innovation function** (taking risks, investing in new ideas, new services, new approaches).



# third sector **dimension** in Portugal

**185 000** workers

**4.3** percent of Portugal's total employment

services and goods above **5.7** billion euros

**2.7** billion euros contributions for the national  
Gross Value Added (GVA)

Portugal's National Institute for Statistics data, 2006



# third sector **dimension** in Portugal

*Johns Hopkins Center for Civil Society Studies* in cooperation with *Portugal's National Institute for Statistics* 2012 report underlines the importance of considering the **nonprofits institutions as a distinctive sector of the economy**. This fact

“has become increasingly prevalent in recent years due in large part to an increased recognition of the important role nonprofit institutions often play in **the delivery of public services** and in the **expression of public sentiments**” (2012: 1).



# third sector **dimension** in Portugal

*Johns Hopkins Center for Civil Society Studies in cooperation with Portugal's National Institute for Statistics 2012 report:*

nonprofit institutions employment as the **measure of NPI**  
economy: **Portugal ranks 9<sup>th</sup>**

above Brazil, Norway, Kyrgyzstan, Mexico, the Czech Republic and Thailand, but still below two other EU countries – France and Belgium (2010: 7).

Report "Portugal's Nonprofit Sector in Comparative Context", 2012



# third sector **dimension** in Portugal

*Johns Hopkins Center for Civil Society Studies* in cooperation with  
*Portugal's National Institute for Statistics* 2012 report:

contribution to the **value added measure**:

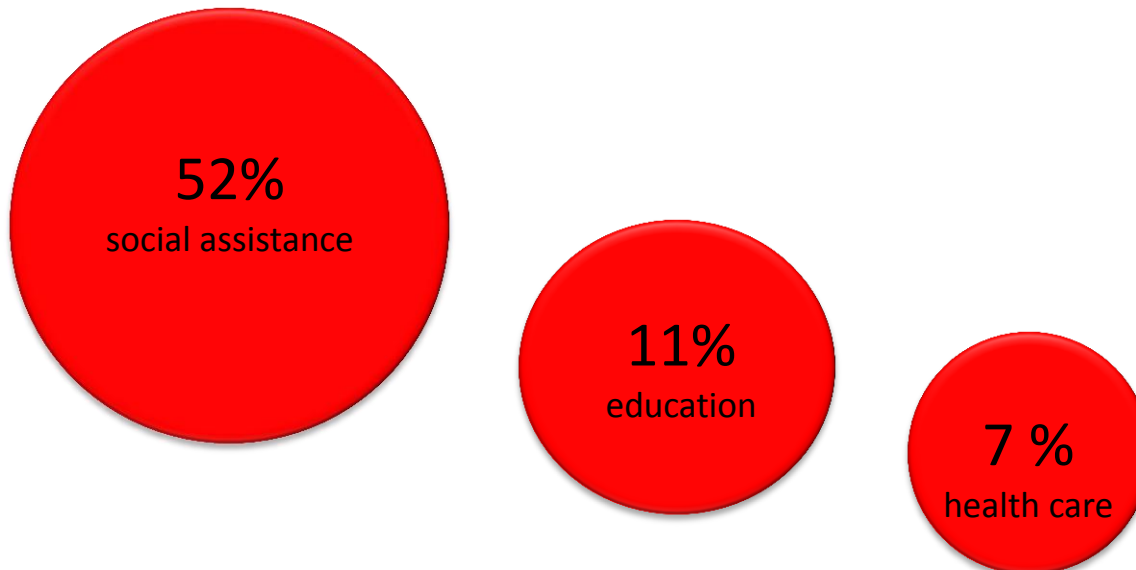
the size of the Portuguese nonprofit sector is **substantially below** the international average  
(2.0 vs. 3.6 percent).

Report "Portugal's Nonprofit Sector in Comparative Context", 2012

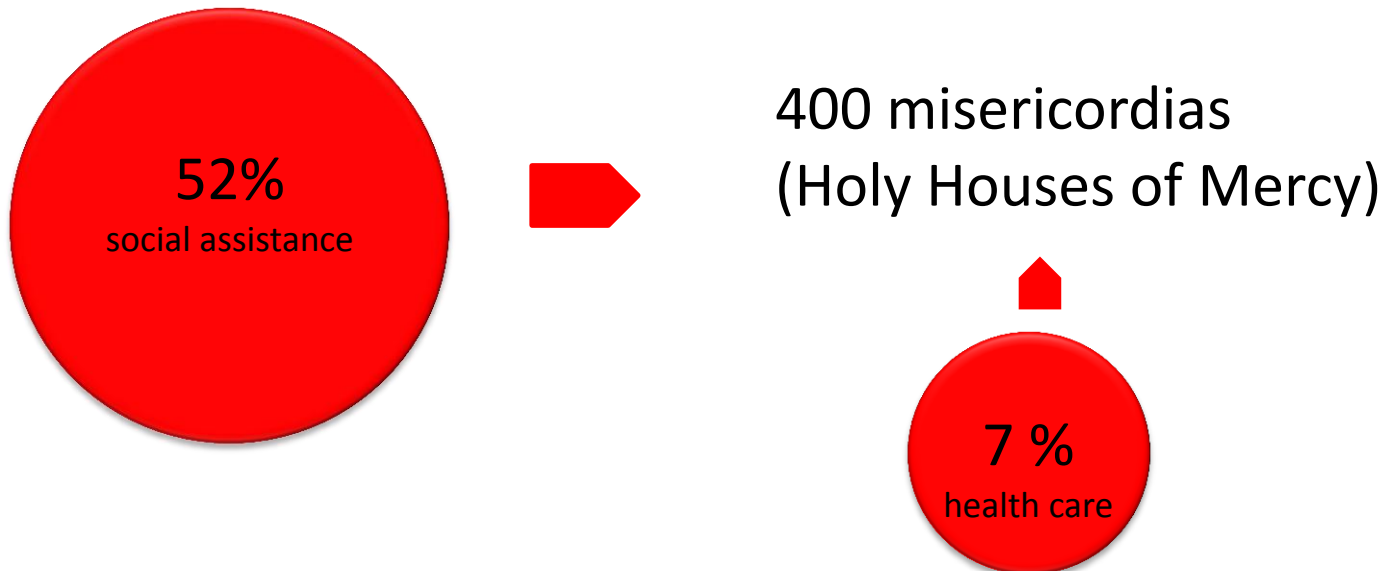


# third sector **dimension** in Portugal

more significant activities: services **72%** total of employment



# third sector **dimension** in Portugal





# 2. challenges for the third sector



# an organized civil society

## A new level of demand:

1. full-time **human resources**
2. planning and **strategies** to achieve predetermined **goals**
3. corporate donors – private businesses – need of combining the cause or social project with its **social responsibility strategy**
4. company's choice driven by the **confidence** that nonprofit organizations can report on their capacity to provide **social return**



# an organized civil society

third sector organizations **need to learn good management practices** and get used to the **responsibility** and **accountability**.

*Organizations cannot accommodate to what has been, for many years, **granted**. They need to **grab the future**, realize what is going on around and the implication of not catch the opportunities that arise. **Public funding is increasingly scarce and social capital will gain importance** in ensuring the economic, financial and strategic sustainability of organizations of this nature.* (Azevedo et al. 2010: 17)



# an organized civil society



**Business practices transfer to nonprofit organizations.**

Third sector boost **new models.**



# 3. the Social Stock Exchange



# case study of social innovation

Stock Exchange: adoption of a financing system for social purposes.

A market to “transact” social causes.



## the **inspiration** factor

"To be quoted on the stock exchange, companies make transparency and governance commitments.

Thus, they are able to attract thousands of small shareholders that apply their capital because they believe that this relationship will be profitable" (Grecco, 2010).



## the **inspiration** factor

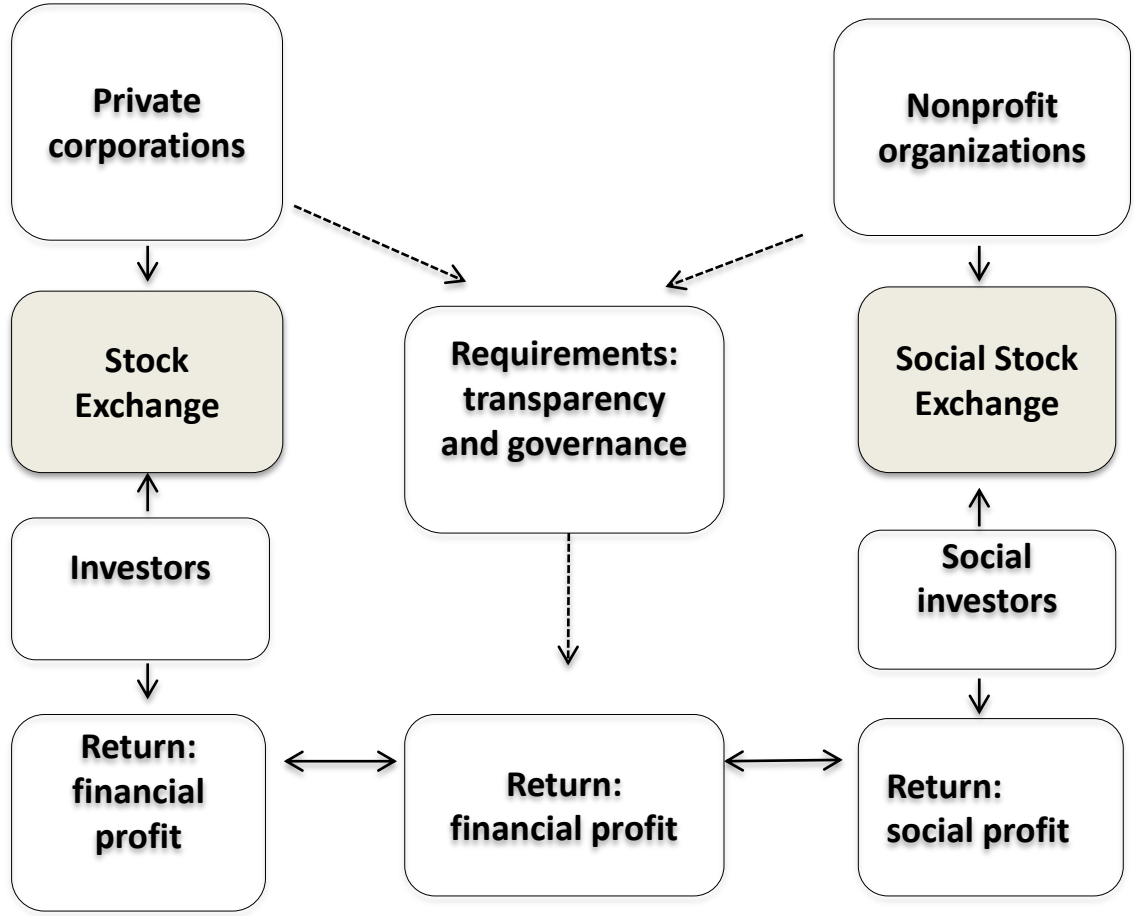
“nonprofit organizations from all parts of the world also need financial capital to expand. (...) They don’t have easy access to bank loans and little socio-capitalist for social projects doesn’t exist.

But they can make commitments on transparency and governance.” (Grecco, 2010).





# Value creation COMPARATIVE environments



# first Social Stock Exchange: Bovespa

Launched in **Brazil, 2003**

Recognized as unique by **UNESCO**

Adopted as case study and recommended for other stock exchanges by **United Nations** (Global Compact)



# first Social Stock Exchange: Bovespa

Celso Grecco, **2008:**

- distinguished in the Vision Awards – prize received from the peace Nobel, Muhamad Yunus
- honored at UN, New York.



# Lisbon Social Stock Exchange - BVS

Portugal was the first european country to embrace the idea.

Launched **November 2009**.

Support by:

Euronext Lisbon

EDP Foundation

Calouste Gulbenkian Foundation



# how does it work?

**BVS** Bolsa de Valores Sociais

Não tem registo? [Clique Aqui](#)

[Quem somos](#)

[Porquê investir](#)

[Para empresas](#)

[Como se candidatar](#)

[Fundo Caixa Fã](#)

[Esqueci-me da minha password](#)  
100% financiados

[Projetos](#)



O Banco Oficial da BVS



Novo spot publicitário da BVS.

Está na hora

**20:14**

de investir em boas acções

[Quem somos](#)[Porquê investir](#)[Para empresas](#)[Como se candidatar](#)[Fundo Caixa Fã](#)[100% financiados](#)[Projetos](#)

## Projetos

### Menos é Mais - Teatro Debate



Na actual situação económica do país é importante que o sobreendividamento dos indivíduos não afecte todas as outras áreas da sua vida. É importante dotar as pessoas de conhecimento e meios de organizarem a sua vida financeira para que não se atinjam situações limite que se arrastam inevitavelmente para os outros parâmetros da sua vida.

[Conheça e invista](#)

### Projeto Viver, Crescer e Integrar



Atividades e formação para uma população imigrante, muçulmana e não só, na zona de Sintra, com vista à sua melhor integração social

[Conheça e invista](#)

### EC3 - Eco-Centro de Compostagem Caseira



Sabe o que é a compostagem caseira? Saiba como Ferreira do Alentejo se coloca na vanguarda da sustentabilidade ambiental fazendo do lixo um novo ciclo de produção.

[Conheça e invista](#)

### Social Innovation Challenge



Desafio interescolas para resolver um problema da vida real, com apoio de voluntários do mundo empresarial.

[Conheça e invista](#)

### Lar Telhadinho



Espaço residencial para pessoas portadoras de deficiência mental e seus pais idosos, promovendo os laços familiares nos últimos anos de vida.

[Conheça e invista](#)

### CRESCER dos 8 aos 80



Dinamizar um projeto assente em 4 pilares: um centro de estudos comunitário, um gabinete de psicologia, grupos de encontro de pais e ocupação saudável de tempos livres.

[Conheça e invista](#)

### Saúde a Sorrir



Disponibilizar às populações desfavorecidas, residentes no Porto, tratamentos gratuitos no Centro de Apoio à Saúde Oral.

[Conheça e invista](#)

### Serviço de Intervenção e Apoio à Criança



Apoiar crianças com necessidades especiais em contexto escolar, e respetivas famílias, através de duas unidades móveis equipadas.

[Conheça e invista](#)

### Semear o Futuro



# how does it work?

its aim is “to facilitate the matching between civil society organizations carefully selected, with relevant work and proven results in the field of Education and Entrepreneurship, and social investors (donors) willing to support these organizations by purchasing their social actions.”

[www.bvs.org.pt](http://www.bvs.org.pt)



# how does it work?

Ensures the **transparency** of the relationship between the organization and the social investor

Ensures that **social investment** is the most effective as possible, with results that can be **tracked at any time** by **social investors**.





# how does it **really** work?

**1.**

Third sector institutions submit proposals for quantified projects for funding

**2.**

BVS evaluators team makes the screening



**3.**

Final approval committee composed by representative of the 3 founders

**4.**

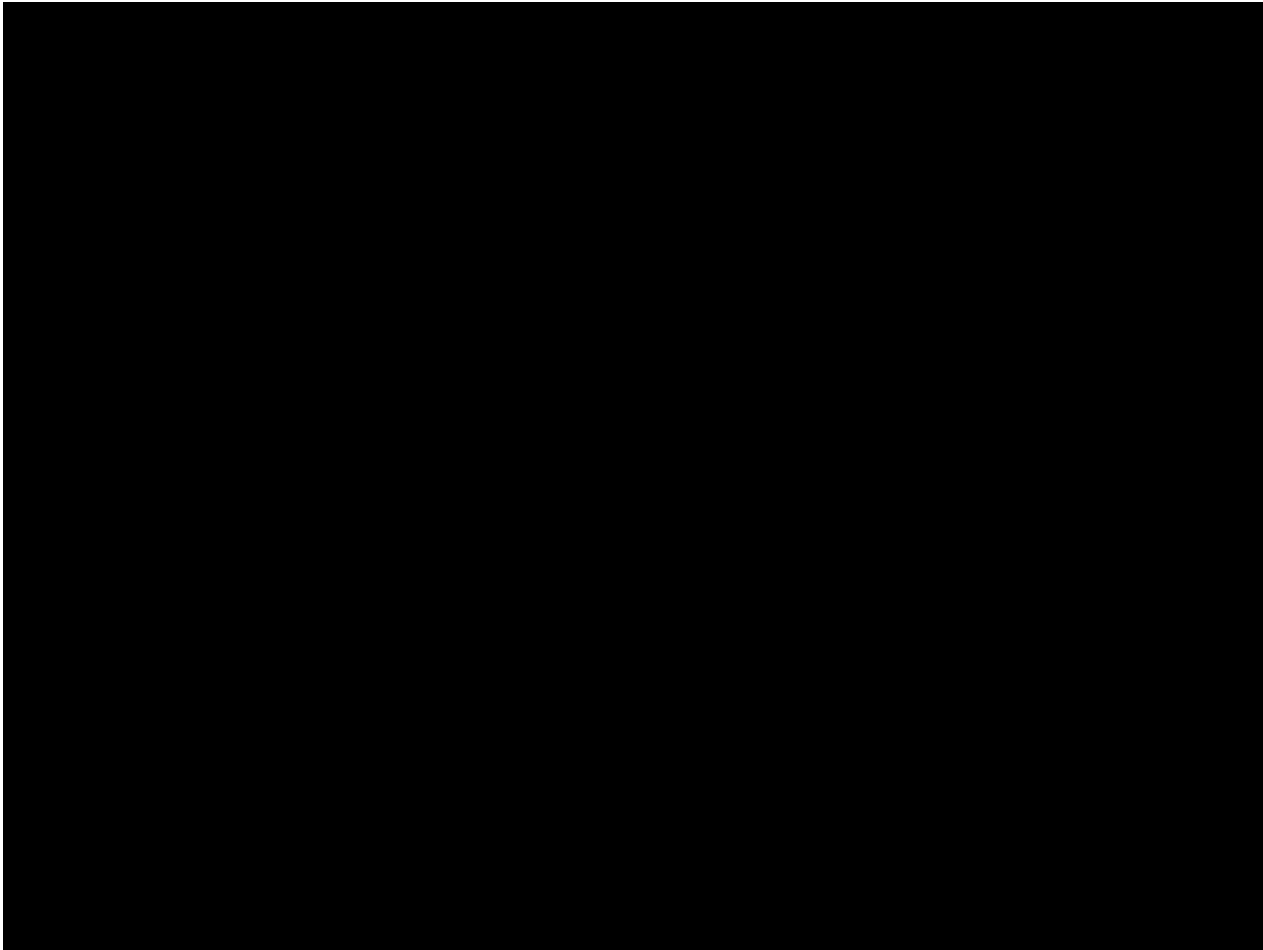
Approved projects presented in the website

**5.**

Social investors give “purchase” orders



## Advertising campaign



***Claim: "It isn't charity, is it social investment."***

# requirements

1. Projects must be acting on the **causes** rather than in the consequences;
2. Projects should be managed by whom that apply in the nonprofit sector, the **pragmatic view of search results** that entrepreneurs apply in the business sector – they must be **social entrepreneurs**;
3. Entities must be committed with **transparency** and **governance**.



# philanthropy vs. social profit

Promoting social investment and social investor concepts, the Social Stock Exchange proposes that the support for civil society organizations is not seen from the perspective of philanthropy and charity, but investment that should generate a new kind of profit: **social profit.**



# 4. implications and trends



# the imperative of professionalization

The path to the survival of social institutions involves the adoption of **good management principles** and **marketing strategies** in an increasingly competitive market.

This incorporates the relevance of **accountability**.



# the imperative of professionalization

**Regulation** mechanisms for nonprofit organizations?

“A well-written **mission**, well-defined **objectives** and well-designed **strategies** at various levels of management, an **effective evaluation system**, a **code of conduct**, are some examples of our development proposal for nonprofit organizations ”(Azevedo *et al.* 2010: 27)



# the imperative of professionalization

## Self- regulation responsibility

There are no mechanisms as effective as the market for the companies, and voting system for public institutions, which forces them to behave. (Azevedo *et al.* 2010: 25)





# the public sector role

Third sector organizations "are only **laboratories producing vaccines** against poverty, social exclusion and against our most pressing environmental problems" (Grecco, 2010: 104)

Is up to governments, through public policy, to **apply these vaccines on a large scale**. "Only governments have funding conditions and scalability of the social solutions that are produced in laboratories of such organizations".



# trends on social innovation

“Social change depends on alliances between what can be called" ‘bees’ and ‘trees’ ". (Geoff Mulgan, 2010)



small organizations, individuals and groups that have new ideas, which are movable, fast and can pollinate.



large organizations - governments, companies or large nonprofit organizations low in creativity but generally good in implementation, and have the resilience, roots and scale to make things happen.

Geoff Mulgan, from *Young Foundation* dedicated to social innovation, nongovernmental and nonprofit, based in London



# trends on social innovation

They are united by the "focus on social goals and the importance given to ethics, social inclusion, empowerment and solidarity" (2010: 60).

Geoff Mulgan, from *Young Foundation* dedicated to social innovation, nongovernmental and nonprofit, based in London



# trends on social innovation

European Commission approved one of the Strategy Europe's 2020 initiatives:

the new European innovation plan, focus on the concentration of innovation efforts leading to solve issues such as climate change, energy and food security, health and an aging population. (Vasconcelos, 2010)

Diogo Vasconcelos, Cisco Systems director, focused on innovation and the role of ICT



# trends on social innovation

"Today Europe needs to mobilize the collective creativity (...) creating new models of service delivery to address social challenges (...) including aging, youth unemployment and the reduction of carbon emissions."

Diogo Vasconcelos (2010).



# trends on social innovation

State's role "in a world where the logic of the 'command and control' is increasingly replaced by the expectation of collaboration, collective creation and participation of citizens and civil society?". Answering to its own question, he believes that social innovation is in responses that "**mobilize different groups** (public, private and nonprofit organizations), **involve users** (co-creation) and **create undeniable social value**" (2010: 32).

# trends on social innovation

Social innovation involves changing the way the **private sector and non-profit relate themselves**. They must do it, not in logic of pure philanthropy but as partners to develop new solutions. **Changing paradigms is extended to the state, which can find in private sector and in the third sector answers to the most relevant questions of our time.**

Diogo Vasconcelos (2010: 31).



# Kakuma Project

## EDP & United Nations





# trends on social innovation

Vasconcelos:

- innovation is born of diversity, of the 'mix' of different skills and types of organizations. People from arts and design, from technology and from public sector agencies; public entities, nonprofits and private businesses, small, medium and large.
- social innovation incubators proliferation, enabling a collaborative work for the three sectors - public, private and third sector - something that already exists in many parts of the world.



# the imperative of professionalization

good management practices    social innovation

social investors    **accountability**    social causes

transparency    competition    **goals**    private sector

**confidence**    public sector    **self regulation**

social entrepreneurs    responsibility

# social profit



Finally...

**some creativity**



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[www.impulsopositivo.com](http://www.impulsopositivo.com)



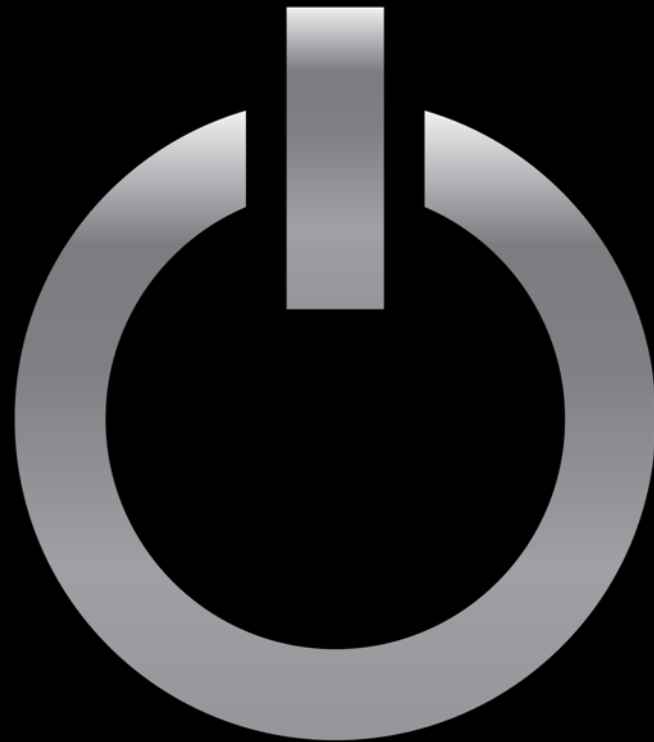
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thank you!

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