The Employment Performance of Nonprofit Organisations – A Case Study from Germany

Peter Holschuh

Amrita University

Abstract

Nonprofit organisations not only represent the interests of citizens, but also provide paid workplaces for laborers who are less competitive. However, because of the innovative working methods of social enterprises the trade unions are concerned about the working standards. Therefore the present study analyses the employment conditions of different economic sectors. This comparison illustrates that charitable organisations are not a gateway for precarious low-wage jobs. Instead, they offer especially for women good earning opportunities and enable the choice of preferred working times. In particular, this is due to the commitment of a large number of voluntary workers. Hence, charitable organisations are able to pay personnel even in difficult times, without a disproportional reduction of working standards.
Introduction

On the one hand, nonprofit organisations provide paid workplaces for employees who are less competitive. On the other hand, in the charity sector many people are engaged voluntarily and without any remuneration. Accordingly nonprofit organisations not only represent the interests of the citizens, but also make an important contribution to the integration of disadvantaged groups. The trade unions, however, are afraid that the innovative working methods of social enterprises will reduce the working standards. As far as the wages and salaries of well-qualified industrial workers are concerned, the nonprofit sector certainly can not compete. The question is, whether in charitable organisations the working conditions especially for female laborers are not much better than in other branches of the economy. Therefore the following case study first shows the extent of paid work in the nonprofit sector. Subsequently the second part illustrates the employment quality in social organisations. Finally, the relation between charitable and paid work is described.

The Evaluation of Paid Work

In between the "first sector" state and the "second sector" private economy, the "nonprofit sector" represents a kind of residual category for groups and organisations which, if they generate profits, they do not distribute them to the owners and directors, instead they reinvest the profits in social projects.\(^1\) Typical activities of nonprofit organisations are

- Child care
- Environmental protection, and
- waste utilization.

The nonprofit sector also includes joint ventures initiated by citizens that are threatened by economic, environmental or social risks, as well as by shortcomings in the supply of goods and services. This is often the case when the state and the traditional private sector retreat or do not appear at all. Social entrepreneurs try to fill this gap by a more efficient cost recovery. They have a mix of funding sources that can include donations, sales revenues and public funds.\(^2\) In this way, not only goods and services become profitable, but also employment opportunities are made affordable. The extent to which the different financing forms could be used to create jobs have been the subject of several empirical studies.

**Table 6.1:** Employment 1995 (in full-time equivalents)

<table>
<thead>
<tr>
<th>Field of activity</th>
<th>Workforce</th>
<th>Share of total volume (in percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture and recreation</td>
<td>77,350</td>
<td>5.4</td>
</tr>
<tr>
<td>Education and research</td>
<td>168,000</td>
<td>11.7</td>
</tr>
<tr>
<td>Health care services</td>
<td>441,000</td>
<td>30.6</td>
</tr>
<tr>
<td>Social services</td>
<td>559,500</td>
<td>38.8</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>12,000</td>
<td>0.8</td>
</tr>
<tr>
<td>Housing and employment services</td>
<td>87,850</td>
<td>6.1</td>
</tr>
<tr>
<td>Citizens and consumer interests</td>
<td>23,700</td>
<td>1.6</td>
</tr>
<tr>
<td>Foundations</td>
<td>5,400</td>
<td>0.4</td>
</tr>
<tr>
<td>International development assistance</td>
<td>9,750</td>
<td>0.7</td>
</tr>
<tr>
<td>Professional and economic associations</td>
<td>55,800</td>
<td>3.9</td>
</tr>
<tr>
<td>Total</td>
<td>1,440,350</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: John Hopkins Comparative Nonprofit Sector Project (2001)

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In the 1990s the employment structure of the third sector was analysed within the John Hopkins Comparative Nonprofit Sector Project. Based on data of the workplace survey and information from different ministries, the John Hopkins study assumes that the nonprofit sector has 2.1 million employees. That means, the non-profit sector accounted for 4.93 percent of total employment (excluding agriculture).

Table 6.2: Financial forms 1995

<table>
<thead>
<tr>
<th>Field of activity</th>
<th>Public funds</th>
<th>Donations</th>
<th>Own resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture and recreation</td>
<td>20.4</td>
<td>13.4</td>
<td>66.2</td>
</tr>
<tr>
<td>Education and research</td>
<td>75.4</td>
<td>1.9</td>
<td>22.6</td>
</tr>
<tr>
<td>Health care services</td>
<td>93.8</td>
<td>0.1</td>
<td>6.1</td>
</tr>
<tr>
<td>Social services</td>
<td>65.5</td>
<td>4.7</td>
<td>29.8</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>22.3</td>
<td>15.6</td>
<td>62.1</td>
</tr>
<tr>
<td>Housing and employment services</td>
<td>0.9</td>
<td>0.5</td>
<td>98.6</td>
</tr>
<tr>
<td>Citizens and consumer interests</td>
<td>57.6</td>
<td>6.6</td>
<td>35.8</td>
</tr>
<tr>
<td>Foundations</td>
<td>10.4</td>
<td>3.4</td>
<td>86.2</td>
</tr>
<tr>
<td>International development assistance</td>
<td>51.3</td>
<td>40.9</td>
<td>7.8</td>
</tr>
<tr>
<td>Professional and economic associations</td>
<td>2.0</td>
<td>0.8</td>
<td>97.2</td>
</tr>
<tr>
<td>Total</td>
<td>64.3</td>
<td>3.4</td>
<td>32.3</td>
</tr>
</tbody>
</table>

Source: John Hopkins Comparative Nonprofit Sector Project (2001)

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The John Hopkins study has also shown that from an activity-specific perspective, employment in the third sector is concentrated on the traditional welfare sector. In 1995 almost 70 percent of the third-sector employees (measured in full-time equivalents) had a job in a welfare organisation - 38.8 percent in social services and 30.6 percent in healthcare. The dominance of the social and healthcare services is caused by the fact, that Germany – in contrast to Sweden – has not expanded the governmental infrastructure. Instead the non-profit-sector was supported in the provision of welfare services.

In addition to the welfare services an important source to finance jobs in the third sector is the implementation of labour-market policy measures. As a result, public funds has a share of 64.3 percent in total third-sector funds, this is far above the percentage of sales revenues (32.3 percent) and donations (3.4 percent). But the government payments were slashed several times over the years. To what extent there has been a fall in employment as a result of reductions in subsidies, was a central theme of the New Employment in the Third Sector (NETS) study.

The NETS study indicates that between 1995 and 1997 the total employment remained almost constant, but full-time employment fell by 19 percent, while the amount of part-time jobs rose by 43 percent and the number of temporary employees increased by 11 percent. Of particular note is that primarily female workers were affected by flexible working arrangements. In the case of men, the number of full-time employees increased by 4 percent, and the amount of fixed-term workers decreased by 3 percent, whereas for women the number of full-time employees declined by 2 percent and the amount of fixed-term workers rose by 20 percent. Moreover, the increase

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5 The measurement of employment in full-time equivalents serves to compare the results if the working hours of the employees are different with regard to the number of hours per week. For example, 5 half-day jobs and 10 full-time jobs together yield 12.5 full-time equivalents.


in part-time employment was much higher for women (plus 7 percent) than for men (plus 3 percent).\(^9\)

Furthermore the results of the NETS study show that the number of employees - especially in East Germany - is largely dependent on labour market policies. In 1995, 64 percent of the jobs in the East German non-profit organisations were financed by employment promotion programs. Within the next two years there was a massive slump - the share of subsidized employees declined to 54 percent. However, in West Germany the percentage of publicly funded jobs rose during the same time from 18 to 24 percent.\(^10\)

But there were not only drastic changes in the provision of employment programs. Since the mid-1990s, reforms in social legislation\(^11\) had also led to a reduction in the preferential treatment of the nonprofit sector. As a result, charitable organisations experienced more serious competition from profit-oriented companies.\(^12\)

Despite the financial restrictions the rate of employment almost remained constant. According to the data submitted by the Wissenschaftszentrum Berlin (WZB) the number of regular jobs fluctuated only marginally between 1.7 and 1.9 million during the years 1996 to 2008. If freelancers, marginal employees, trainees and participants of labour-market programs (so-called "one-euro jobbers") are added, it is concluded that in 2008, about 2.5 million workers were employed by third-sector organisations.\(^13\)

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\(^11\) Of particular note in this context are the introduction of statutory long-term care insurance (1995), the revision of the Federal Social Assistance Act (1996 and 1999) as well as the amendment of the Child and Youth Protection Act (1999).


The authors used for their analysis the data of the IAB operating panel. The IAB operating panel survey has been carried out since 1993. More than 15,000 farms are now surveyed each year Cf. Bellmann, L. (2014): Kontinuität und Veränderung des IAB-Betriebspanels. In: Journal for Labour Market Research volume 47, number 1-2, p. 6;
Table 6.3: Employment shares of the sectors (in percent)

<table>
<thead>
<tr>
<th></th>
<th>Social services (Priv. sector)</th>
<th>Public services</th>
<th>Third sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>75 75</td>
<td>52 55</td>
<td>72 76</td>
<td>43 45</td>
</tr>
<tr>
<td>Part-time</td>
<td>29 38</td>
<td>19 29</td>
<td>29 49</td>
<td>19 25</td>
</tr>
<tr>
<td>Fixed-term</td>
<td>3 8</td>
<td>8 11</td>
<td>10 15</td>
<td>4 7</td>
</tr>
<tr>
<td>Mini-J. 2008</td>
<td>19</td>
<td>5</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>1-Euro-J.</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: WZBrief Arbeit (2009)

It is also apparent from the WZB data that there has been a general increase in fixed-term contracts and part-time jobs. But the share of these employment forms was significantly higher in the third sector than in other spheres of the economy. Furthermore, 13 percent of the labourers in charitable organisations have got only a marginal job with a minor weekly working time. This means the nonprofit sector was above the overall average of 12 percent.

Dathe et al. assume that by making employment more flexible, a massive job reduction could be prevented, but this had led also to qualitative changes:

"Part-time, temporary and minor work (so-called mini-jobs) are characteristics of atypical employment. Although they are not to be equated with precarious employment, the share of precarious jobs in atypical employment is very high. According to a study by the Federal Statistical Office, every second atypical employee is a low-wage earner."\(^\text{14}\)


In accordance with Section 8 (1) SGB IV, the monthly employment allowance of a mini-job does not exceed EUR 450. (Legal status 2017).

An employment relationship is atypical, if it deviates in one or more features from a permanent full-time job, which is subject to social insurance. Cf. Kress, U. (1998): Vom Normalarbeitsverhältnis zur Flexibilisierung des Arbeitsmarktes — ein Literaturbericht. In: Mitteilungen aus der Arbeitsmarkt- und Berufsforschung, volume 31,
In particular the working conditions changed due to the fact that, in 2005, the introduction of the unemployment benefit II was used to replace job creation schemes by one-euro jobs. Contrary to the job creation schemes, the salary of one-euro jobs is not based on the usual wage. Instead, only a remuneration of one to two euros per working hour is paid in addition to the unemployment benefit II.\textsuperscript{15}

The WZB data shows that the one-euro jobs\textsuperscript{16} in 2009 had a share of 16 percent in the total employment of the third sector in East Germany and 4 percent in West Germany. Dathe et al. are concerned about the attractiveness of the third sector due to the high proportion of part-time work, fixed-term employment and one-euro jobs.\textsuperscript{17} However, the ZiviZ survey as well as the study carried out by Priller et al. indicates that the non-profit organisations predominantly consider their labour market situation positively.

One third of the nonprofit organisations questioned 2012 by the ZiviZ-Survey responded that they hired labourers during the last five years, while only 10 percent had to reduce employment.\textsuperscript{18} Especially in the scope of the social and healthcare services, additional jobs were created. Almost every second organisation in this sphere reported an increase in paid work.\textsuperscript{19}

Between October 2011 and January 2012 Priller et al. asked nonprofit organisations about their employment expectations.\textsuperscript{20} Most of them are convinced there will be a


\textsuperscript{16} In addition to the one-euro jobs, further labor market policy measures with higher subsidy payments were granted after the entry into force of the "Fourth Act on Modern Services in the Labor Market", but the number of their participants is negligible.


\textsuperscript{19} Cf. ibid., p. 42.

\textsuperscript{20} For the study 11,971 questionnaires were sent with a return rate of 26 percent. Cf. Priller, E. et al. (2012): Dritte-Sektor-Organisationen heute – eigene Ansprüche und ökonomische Herausforderungen. Berlin: Wissenschaftszentrum für Sozialforschung, p. 11-12.
considerable increase in the demand for welfare services as a result of the aging society. Therefore they anticipated a growth in full-time as well as in part-time work. But the nonprofit organisations had been also concerned that the government will once again cut the funds for employment measures.\textsuperscript{21}

**Table 6.4: Employment figures**

<table>
<thead>
<tr>
<th>Study</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>NETS</td>
<td>Between 1995 and 1998: Almost no change in total employment rates</td>
</tr>
<tr>
<td></td>
<td>Increase in West Germany</td>
</tr>
<tr>
<td></td>
<td>Decrease in East Germany</td>
</tr>
<tr>
<td>Instruments and Effects</td>
<td>Between 2002 and 2003: In West Germany reduction in employment rates</td>
</tr>
<tr>
<td>Rosenski</td>
<td>Employment subject to social insurance contributions 2007: 2.3 million</td>
</tr>
<tr>
<td></td>
<td>Marginal employment 2007: 0.3 million</td>
</tr>
<tr>
<td>Dathe et al.</td>
<td>From 1996 to 2008: Variations in the employment subject to social insurance contributions between 1.7 and 1.9 million</td>
</tr>
<tr>
<td></td>
<td>Total workforce 2008: 2.5 Mio.</td>
</tr>
<tr>
<td>ZiviZ Survey</td>
<td>From 2007 to 2012: Most of the organisations report a rise in employment</td>
</tr>
<tr>
<td>Priller et al.</td>
<td>2012 to 2017: Predominantly positive employment expectations</td>
</tr>
</tbody>
</table>

Originally with the "Act for the Improvement of the Integration Opportunities on the Labor Market" a reform of the one-euro jobs was intended for 2012. In 2011 on average, one-euro jobs burdened the job centres’ integration budgets with EUR 383.20. From this amount the beneficiary get an allowance of EUR 122.60 and EUR 260.60

was paid to the measures as a reimbursement.\textsuperscript{22} According to the new regulation, only a basic lump sum of EUR 30 and a maximum of EUR 120 for additional assistance should be granted. Although the Federal Cabinet had already decided to reduce the funds, the amendment was not approved by the further legislative procedure.\textsuperscript{23}

Table 6.4 summarizes the results of several studies. Overall, only a temporary employment contraction has occurred as a result of cutbacks in public funding. This seems to confirm that nonprofit organisations, if they are in financial difficulties, do not primarily think of dismissing labourers. However, the stability of jobs has its price, because, as already described by Dathe et al. not only the quantity but also the quality of the jobs must be taken into account.

Quality of the Jobs

By making the employment situation more flexible, the charitable organisations were able to prevent the loss of jobs, but for the trade unions therefore the third sector became a gateway for precarious low-wage jobs.\textsuperscript{24} In view of the high percentage of women in nonprofit organisations it is more likely that the gender-specific segmentation of the labour market, is responsible for worrisome working conditions. Analysing the employment structure of different economic sectors\textsuperscript{25} reveals the following picture:


\textsuperscript{25} For this purpose the data of the socio-economic panel (SOEP) were used. The SOEP started 1984. Meanwhile every year, nearly 11,000 households, and about 20,000 persons were sampled. Cf. TNS Infratest (2010): SOEP 2009 – Methodenbericht zum Befragungsjahr 2009 (Welle 26) des Sozio-oekonomischen Panels. Berlin: Deutsches Institut für Wirtschaftsforschung, p. 67 und p. 81. According to the classification of the SOEP the areas health care, social services, interest representation, religion, culture, sports and entertainment were assigned to the third sector. Education and research facilities were not included as the public sector in this segment accounted for 83 percent of the workforce. Cf. Anheier, H. K. et al. (1997): Der Dritte Sektor in Deutschland – Organisationen zwischen Staat und Markt im gesellschaftlichen Wandel. Berlin: Rainer Bohn Verlag, p. 44.
There is no doubt that manufacturing is still a male domain, while women are mainly employed in retail trade and catering. However, in the nonprofit sector the proportion of female workers is even much higher. But it is also striking that there was an increase in the percentage of female workers in all other parts of the economy, but not in the third sector.

The different employment trends in the individual economic sectors can be explained by the process of de-industrialization, which has been observed since the 1970s. This structural change is characterized by the loss of employment opportunities for male industrial workers, while in the service sector there are new but significantly lower paid jobs.\textsuperscript{26} Up to the introduction of the fourth law for modern services on the labour market (Hartz IV), former industrial workers, although they had previously earned a relatively high wage, received unlimited unemployment assistance equal to 53 percent of the last net salary. With the entry into force of the new Act on 1 January 2005, the unemployment assistance was replaced by the unemployment benefit II. Since then, if there is no entitlement for unemployment benefit I\textsuperscript{27}, only a flat rate of EUR 345\textsuperscript{28} (in addition to the rental and heating costs) will be paid. Thus, for former industrial workers it has become much more difficult to wait longer to get a highly paid job again. Labourers for

\begin{figure}
\centering
\includegraphics[width=\textwidth]{fig61.png}
\caption{Women’s quota (in percent)}
\end{figure}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{fig62.png}
\caption{Women’s quota 2000-2004 Women’s quota 2004-2009}
\end{figure}


\textsuperscript{27} Unemployment benefit I is only paid, if the unemployed had a job subject to social security contributions for at least 12 months during the last 2 years (§§ 142-143 SGB III). If the qualifying period is fulfilled, the duration of the entitlement to unemployment benefit I depends on the age of the recipient (§ 147 SGB III).

\textsuperscript{28} Status: January 2005.
example, who earned in 2014 on average in the manufacturing sector EUR 3,881 (gross), had to be content with a job in the social and healthcare sector after their release. But in social and healthcare sector only an average wage of EUR 2,441 (gross) was paid in 2014.29

![Fig. 6.2: Employment share (in percent)](image)

One main reason for wage differences is the inequality of trade union organisation rates.30 2014 about 20 percent of the male and only around 15 percent of the female workforce were unionized. As a result, the organisation rate is relatively low in sectors with a high women's quota and thus the bargaining position of trade unions is disadvantaged. In industries with numerous trade union members, on the other hand, there is no doubt for the employers that, in order to avoid a costly strike, they have to make concessions. But in the third sector, not only the female rate is higher than in the other economic sectors. Moreover, the collective employment law differs significantly from the general collective bargaining right.31 The service union ver.di is of the opinion that

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30 If the organized pensioners and the unemployed are subtracted from the total number of trade union members and the active members are placed in relation to all dependent employees, the trade union organisation rate is obtained. Cf. Biebeler, H., and Lesch, H. (2015): Gewerkschaften – Woran es hapert. In: IW-Dienst Informationen aus dem Institut der deutschen Wirtschaft Köln, volume 41, number 43, p. 1.
31 Based on the constitutionally guaranteed self-determination right of the churches (Article 140 Basic Law), Christian employers have created their own employment system. The focus is on the fact that the working conditions are not defined in the context of collective bargaining, but by a jointly constituted commission. Strikes are not envisaged. Nevertheless, in 2009, the service union ver.di called up workers from ecclesiastical hospitals in North Rhine-Westphalia for warning strikes. Thereupon the confessional employers have decide to take legal action. In its judgment of 20.11.2012, the Federal Labor Court confirmed the self-determination right of ecclesiastical employers, which means that trade unions are not allowed to call up workers for strikes. However,
non-profit organisations misuse their privileged position in order to reduce the labour costs through low wage employment, temporary work and mini-jobs.  

Abb. 6.3: Low-wage rate (in percent)

Figure 6.3 shows that the low-wage rate of the third sector is significantly higher than that of the manufacturing industry, but a much higher risk of precariousness can be expected in the retail trade and catering services. Thus, nonprofit organisations offer both employment opportunities and relatively good income prospects for women. Looking at the course of time, it becomes clear that the third sector only follows the


33 To calculate the low wage rate the OECD definition was used, according to which the low wage threshold is two-thirds of the median wage. Cf OECD (2014): OECD Employment Outlook 2014. Paris: OECD, p. 67.
overall economic trend and certainly cannot generally be described as a gateway for precarious employment.

**Fig. 6.4:** Ratio of employees without special payments (in percent)

![Graph showing ratio of employees without special payments](image)

Source: SOEP (2010)

The third sector is also ahead of the retail trade and catering services in terms of special payments such as holiday and Christmas bonuses or profit sharing. In the last few years, nonprofit organisations more rarely granted special payments, but in this regard they hardly differ from the private companies. So neither the low wage share nor the frequency of the special payments indicates that the working conditions in the third sector are much poorer than in the economy as a whole.

**Fig. 6.5:** Part-time employment (in percent)

![Graph showing part-time employment](image)

Source: SOEP (2010)
The proportion of part-time workers\textsuperscript{34} in the third sector is higher than the overall economic average, but part-time workers are much more frequently employed in the retail trade and catering services. Looking at the development over time, the increase observed in nonprofit organisations is smaller than in the overall economy. As in the case of low-wage work, the third sector can also not be described as a trendsetter in terms of part-time employment. This also applies to marginal employment.\textsuperscript{35} The share of mini-jobs rose more in the retail trade and catering services from a level several times higher than the overall economic average. However, both part-time jobs and marginal employment cannot be depreciated without considering the broader context. Although reduced working hours have the disadvantage of lower social security, on the other hand, they also offer the opportunity of a better reconcilability between family and working life.\textsuperscript{36} Therefore, if working time is reduced, it is important that this is done in accordance with the worker’s preferences.

Looking at the percentage of those who involuntarily reduce their working hours, the third sector scores better than retail trade and catering services and is also well below

\textsuperscript{34} Part-time workers are, according to the OECD definition, all those who spend less than 30 hours a week in their workplaces. Cf. OECD (2007): Gesellschaft auf einen Blick – OECD-Sozialindikatoren. Paris: OECD, p. 58.

\textsuperscript{35} Mini-jobs have been recorded in the SOEP since 2001. For the individual years the respective income threshold was used (2001: DM 630, 2002: EUR 325, 2004: EUR 400).

the overall economic average. It is striking that the share of those who would work longer, if they had the opportunity to do so, increased in all sectors. This can be attributed to the fact that the introduction of the fourth law for modern services on the labor market (Hartz IV) reformed not only the unemployment payments but also the reasonableness criteria. Since then almost every job is considered acceptable for unemployed II beneficiaries. Excepted are only unlawful activities and jobs which an unemployed person cannot perform due to health restrictions (§ 10 SGB II). Therefore, unemployment benefit II recipients are not able to reject part-time work or marginal employment if they do not want to risk a reduction of their transfer payments.

**Fig. 6.7:** Involuntary part-time (in percent)

![Graph showing involuntary part-time ratio for different sectors between 2000-2004 and 2004-2009.](source: SOEP (2010))

**Fig. 6.8:** Involuntary mini-job (in percent)

![Graph showing involuntary mini-job ratio for different sectors between 2001-2004 and 2004-2009.](source: SOEP (2010))

Prior to the intensification of the reasonableness criteria, temporary employment has been deregulated. In January 2003 with the entry into force of the first law for modern
services on the labour market (Hartz I), the limitation of the transitional period was abolished. As a result all sectors recruited more and more temporary workers.\textsuperscript{37} Thus, with regard to the increase of agency labourers, the third sector is merely following the overall economic trend and is far away to be a pioneer.

**Fig. 6.9:** Temporary employment (in percent)

![Temporary employment graph](image)

Source: SOEP (2010)

**Fig. 6.10:** Fixed-term employment (in percent)

![Fixed-term employment graph](image)

Source: SOEP (2010)

Conspicuous is the high proportion of fixed-term employment in the third sector. This can be explained by the dependence on public funds and the associated uncertainties. In particular, the operational implementation of labour market policy measures means

\textsuperscript{37} Temporary work has only been recorded in the SOEP since 2001.
that the financing of employment can only be temporarily secured, as the competent authorities solely grant funding for a limited period.

**Fig.6.11:** Labour market policy measures (in percent)

![Bar chart showing labour market policy measures](image)

Source: SOEP (2010)

Figure 6.11 shows that labour market policy measures are primarily implemented by nonprofit organisations. As a result, they are particularly affected by the cuts made in recent years. The decline in subsidies often causes a domino effect. For most providers of labour market policy measures, personnel cost subsidies are utilised as a financial basis for the application of additional funds. Public payments for example are used to co-finance projects, which in turn is a prerequisite for the acquisition of foundation grants.³⁸

Overall, the industry-specific analysis illustrates that the non-profit organisations did not make any extraordinary qualitative cuts. In comparison with retail trade and catering companies the nonprofit organisations not only offer a better income, but also enable especially female workers to realize their preferred working time. In particular, this is due to the commitment of a large number of voluntary workers. Therefore charitable organisations are able to pay personnel even in difficult times, without a disproportional reduction of the working standards.

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Civic Engagement

Civic engagement is understood as an individual action which is characterized by voluntariness, lack of personal material profitability and an orientation towards public welfare. However, a common definition or a generally accepted concept cannot be referred to. Usually the terms civic engagement, voluntary work as well as honorary office are used synonymously, to denote that a function or task was assumed free of charge.39

Table 6.5: Civic engagement

<table>
<thead>
<tr>
<th>Field of activity</th>
<th>Organizations (in 1.000)</th>
<th>Volunteers (in 1.000)</th>
<th>Hours of unpaid work (in 1.000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture and recreation</td>
<td>160.1</td>
<td>5,866</td>
<td>738,182</td>
</tr>
<tr>
<td>Education and research</td>
<td>10.0</td>
<td>330</td>
<td>27,025</td>
</tr>
<tr>
<td>Health care services</td>
<td>3.6</td>
<td>1,318</td>
<td>156,869</td>
</tr>
<tr>
<td>Social services</td>
<td>130.0</td>
<td>1,187</td>
<td>181,530</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>30.0</td>
<td>857</td>
<td>102,827</td>
</tr>
<tr>
<td>Housing and employment services</td>
<td>1.5</td>
<td>132</td>
<td>36,121</td>
</tr>
<tr>
<td>Citizens and consumer interests</td>
<td>40.0</td>
<td>725</td>
<td>192,234</td>
</tr>
<tr>
<td>Foundations</td>
<td>6.0</td>
<td>198</td>
<td>36,385</td>
</tr>
<tr>
<td>International development assistance</td>
<td>0.4</td>
<td>396</td>
<td>52,600</td>
</tr>
<tr>
<td>Professional and economic associations</td>
<td>5.0</td>
<td>593</td>
<td>86,019</td>
</tr>
<tr>
<td>Miscellaneous (Religion, inter alia)</td>
<td>30.0</td>
<td>5,076</td>
<td>715,376</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>416.6</strong></td>
<td><strong>16,678</strong></td>
<td><strong>2,325,168</strong></td>
</tr>
</tbody>
</table>

Source: John Hopkins Comparative Nonprofit Sector Project (2001)

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The John Hopkins study concludes that in 1996 more than 2.3 billion hours of unpaid work were done in more than 400,000 nonprofit organisations by around 17 million volunteers.\textsuperscript{40} Converted into full-time equivalents, the time spent for civic engagements corresponds to approximately one million employees. With nearly 1.5 million paid staff members in the third sector, this means 40 percent of the workers are volunteers.\textsuperscript{41}

However, civic engagement is not limited to the third sector. In addition to the voluntary involvement in public schools and kindergartens, this includes for example electoral functions in local government offices. Overall, as can be seen from the SOEP data, between 1996 and 2011 there was an increase in the proportion of those who worked on an honorary basis from 26 to 33 percent.

**Fig. 6.12:** Engagement rate of the population aged 14 and older (in percent)

\[\text{Source: SOEP (2010)}\]

Frequently, the mere involvement leads, after a certain time, to the assumption of certain functions and tasks. In order to be able to assess the potential of the civic engagement, the active participation is included in the volunteer survey. Therefore, around 15,000 telephone calls were conducted in 1999 and 2004 and more than 20,000 in


2009. The information provided by the volunteer survey indicates that there are significant differences between the individual areas of activity as regards the relationship between non-obligatory participation and those who undertake a commitment. Teams, choirs as well as youth and travel groups often have a large number of members, while the proportion of organizers and carers among them is relatively small. By contrast, in other activity fields the majority of the participants work hand-in-hand, for example, taking care of clients, collecting donations or organizing events. 2009 in Germany, 36 percent (1999: 34 percent, 2004: 36 percent) of the population aged 14 years and older voluntarily assumed a function or task, while a further 35 percent (1999: 32 percent; 2004: 34 percent) participated without any obligation.42

Abb. 6.13: Volunteers, participants, non-participants

In addition, the average number of hours worked per month by the individual volunteers was determined. The survey data indicate that the time spent on mandatory voluntary activities fell from 18 to 16 hours between 1999 and 2009.43 The aggregate number of the donated hours can be calculated by multiplying the amount of those who assumed a function or task (1999: 34 percent, 2009: 36 percent) with the average number of hours per month. The resulting commitment volume has been 4.8 billion


hours (1999) and 4.56 billion (2009). This means that there are more engaged people, but they spend less time on their voluntary activities.\textsuperscript{44}

On the basis of 44,000 telephone interviews, the engagement atlas concludes that in 2008, 34.3 percent of the population volunteered on average 16.2 hours a month.\textsuperscript{45} Extrapolated to the total population altogether the volunteers devoted an annual amount of 4.6 billion hours. Summing up the aggregated commitment volume with the paid hours of the employees shows that civic involvement accounts for 7.5 percent of the working time.\textsuperscript{46}

Comparing the results of the individual studies reveals that they are hardly distinguishable. The engagement rate is always about 35 percent and also with 4.6 vs. 4.8 billion hours the aggregated commitment volume remains in narrow limits. Over the time, a reduction in the number of hours spent by the individual volunteers can be observed. But this return is offset by the increase in the commitment rate.

**Conclusion**

Finally, it can be said the assertion made by the trade unions that the working conditions in the third sector are worrisome is certainly exaggerated. Nonprofit organisations not only offer women disproportionately more employment opportunities, but also enable them to realize their preferred working time. Furthermore the third sector is characterized by the fact that the employers in the case of financial difficulties do not initially think about the dismissal of staff. Instead the charitable organisations try to keep the entire workforce stable. Thereby they are supported by the help of numerous volunteers. In the last years, the individually donated working time has declined, but this could be compensated by the increase in the commitment rate. Thus, it is not surprising that the nonprofit organisations are predominantly optimistic about the future. In particular, this also contributes to the fact that the services of non-profit organisations are increasingly requested because of the demographic change. All in all, it can be

\textsuperscript{44}Cf. ibid., p. 202 und p. 205.
\textsuperscript{45} While only the population over the age of 16 is covered by the engagement atlas, the volunteer survey takes into account the 14 to 16-year-olds. Cf. Prognos AG und AMB Generali Holding AG (2009): Engagementatlas 2009 – Daten, Hintergründe, volkswirtschaftlicher Nutzen. Aachen: AMB Generali Holding AG, p. 9-13.
assumed that the third sector will continue to offer future-proof jobs without a disproportionate reduction of the working conditions.

References


