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Objectives

The Electronic Papers published by the Portuguese Observatory for Good Labour Practices (OPBPL) main goals are to confer the accessibility and high-speed readability of essential information and good practices in regards to work organisation, collective bargaining, human resources management, labour relations, inclusion and sustainability, corporate social responsibility, and labour market statistics.

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The Third Sector`s role in the Portuguese Economy

Author: Luis Ferraz

Abstract

The markets globalization brought new challenges that threaten the structural foundations of today`s society.

The companies relocation, the global products conception led to high unemployment rates of strong structural component that threatens the State`s social protection system.

This Working paper reflects upon the Third Sector.

1 | Globalization and the social economy

The markets globalization brought new challenges that threaten the structural foundations of today's society.

The companies relocation, the global products conception led to high unemployment rates of strong structural component that threatens the State's social protection system.

The rise in poverty, marginality, dysfunctional families and the abandonment of children and elders results in increasingly more people being socially excluded¹.

The free movement of people, searching for better living conditions, brought social integration problems that the State cannot provide an appropriate response for.

The unrelenting global scale use of the natural resources has been creating climatic changes that become the source of natural catastrophes and other increasingly devastating phenomenon, and despite the fact that they warrant social assistance due to the damage they cause, there is also the surging of diseases and pathologies that overload the Healthcare Systems.

Who could answer these new social challenges?

The public sector shows to be increasingly powerless to solve all the social needs. The austerity measures have come to stay.

On one hand, the private sector organizations still live in a period of readjustment in the face of constant global market rule change. Its major concern focuses mainly on maximizing the available resources in order to maintain the Market's competitive conditions.

Only the Third Sector is capable of providing an answer to the challenges that threaten to disaggregate society.

The Third Sector is constituted by spontaneous organizations of private voluntary initiative, that excluded other differences are a distinguishing element from the Public Sectors organizations, for being capable of assuring the quick social responses, with the added advantage of not being subjected to the Political Cycles' vices.

¹ According to INE, in 2001 the percentage of Portuguese people that would be poor if they were not being supported by Social Security would be of 42,5%. Nevertheless, even with support the poverty rates still reached 19% (nearly 2 million people).

In what concerns the Private Sectors' organizations, they are fundamentally distinguished by allowing the inclusion of those that were excluded from this sector to begin with.

The Organizations of the Third Sector satisfy the social needs that other sectors are incapable of answering, taking on a primordial importance with the local communities.

To answer the social needs, the Third Sector organizations are governed according to the principles of solidarity, subsidiarity, democratic and equal opportunities to everyone. They adopt inclusive participation policies (at social level, cultural and economic), are facilitators when addressing the citizens' access to exercise their rights and as a vehicle when defending causes.

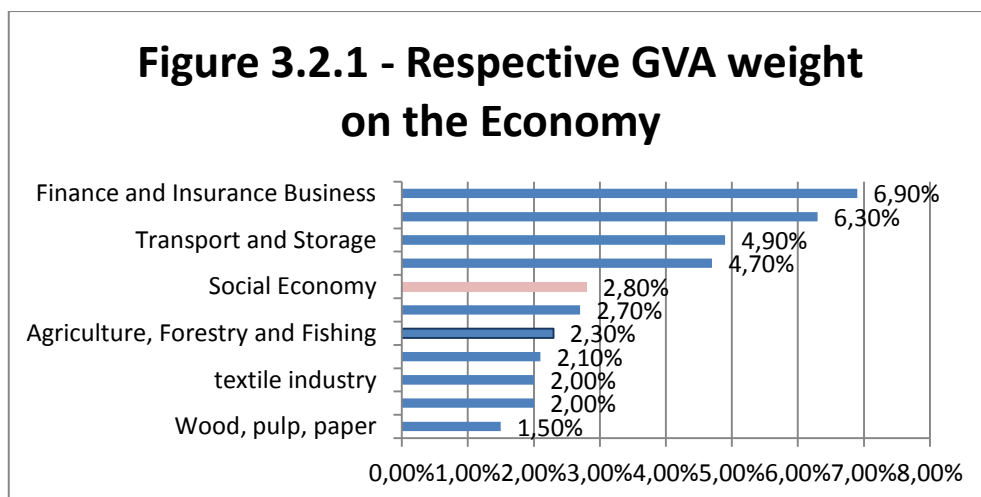
In the last decades, the degree of achieved social cohesion is due to an increased mobilization of the organized civil society.

Throughout the centuries, these organizations have always had a fundamental role in providing services and goods to satisfy the emerging social needs, decisively contributing for the fostering of social cohesion.

Nowadays when faced with a new social paradigm, the Third Sector organizations do not only promote social cohesion but also increasingly contribute for the national and regional economic development.

Therefore, the Third Sector Organizations generate positive externalities onto society: not only do they answer the social needs that were left unanswered by the Public and Private Sector, but they also promote the integration of excluded groups, boost the economic growth, create jobs, contribute for the reduction of the number of social conflicts and develop the deepening of active citizenship.

The Third Sector is nowadays seen as a privileged tool in order to revive the economy. In the year 2006, the Social Economy Sector employed 4,4% of the active population, and in 2010 it rose to 5,5% (330.000 people).²



2 | Third Sector Characterization

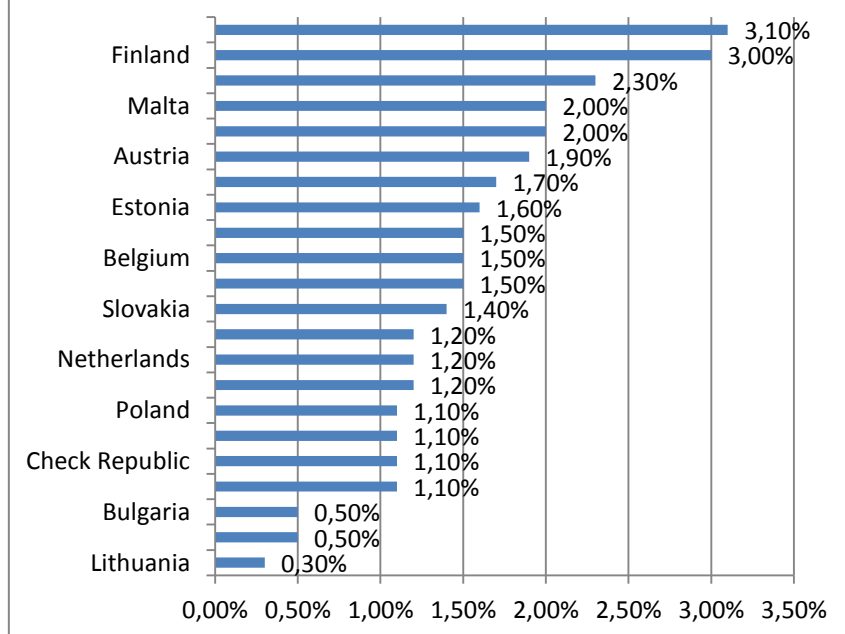
If we take into account the volunteer work³ (roughly 40% of the work hours), the Third Sector will represent 3,8% of the GDP, falling short of the European Union countries that average around 5%.

In regards to the expenses concerning the final consumption, the Third Sector Organizations, represented in 2010, 2,3% of the total value, Portugal ranked 3rd amongst the European Union countries.

² INE's Social Economy satellite (includes cooperatives, mutual associations, charities, foundations, associations and other social economy entities)

³ The volunteer work in Portugal reaches one million people (Dr. Carlos Costa, Governador do Banco de Portugal).

Figure 2.2 - Final consumption expenditure of NPISHs (S.15) in the Economy (S.1) (2006)



Locally and regionally the importance of the Third Sector Organizations in creating jobs as well as the quality of the jobs created are fundamental to fight against desertification and the abandonment of the elder population all the while contributing to retain the youth. In numerous parishes, these Organizations are the only ones with any social answers when creating day centers, nursing homes, home support, nurseries, kindergartens, centers of cultural and sporting activities, etc. The majority claim to be the only, or at least the major source of local employment.

Some organizations reached a considerable size and were indirectly granted a political, economic and geographic influence of such magnitude that they felt the need to start professionalizing their management bodies.

On the other hand, the donors and benefactors profile changed, becoming increasingly discerning and demanding in what concerns the applications of the resources managed by these Organizations.

Concepts such as “Governance” and “accountability” were started to be imported from the Private Sector onto the Social Economy Sector, and looked at as an asset in the operation of these Organizations.

The use of management tools, used so far by the profit Private Sector, is of great relevance for the sustainability of these Organizations.

The discussion of the economic sustainability theme of the Third Sector Organizations and its State dependency is nowadays a part of the agenda. It would be desirable for the Organizations to be self-sustaining; their intrinsic characteristics however do not help them at all. “The Social Economy Organizations were born with the main mission of answering social or environmental sustainability related problems, they have however to face relative problems that have to do with their own economic sustainability.”⁴ Public policies based on a logic of command and control are being increasingly replaced by the civil society’s collaboration and collective participation. This new approach to Public Administration has brought new challenges to people responsible for the Third Sector Organizations but the management operation adopted by our Law for nonprofit entities is inappropriate in the light of the requirements claimed by today’s society. The new social paradigm demands a better capacity from the management bodies of the Social Economy Organizations, generally under the control of volunteers, with little training in effectively managing the resources at their disposal, either by the community or the governmental entities. It becomes imperative to overhaul the legislation that allows the responsible management bodies to be comprised of qualified personnel with competences in various fields: finance, work organization, human resources, marketing, fundraising, entrepreneurship, and social innovation. In this sense and considering the skilled Portuguese youth high unemployment rate, it will be a good opportunity to create the appropriate conditions in order for them to enter the labor market. The entry into force of the act/law of the Accounting Normalization for the Entities of the Nonprofit Sector,⁵ the Framework Law on Foundations,⁶ and the Social Economy Law Foundations⁷ will come into effect with the recognition of the important weight and role that these organizations have in the Economy. Finally, the Third Sector is no longer seen as a sector composed of informal groups as groups “from poor to the poor” and will be acknowledged and valued as a sector with a considerable strong social and economic impact. This acknowledgment is also manifested by a rising dissemination of courses and studies developed in some reputed higher education institutions, such as the Católica University and ISCTE-IUL.

⁴ Américo Carvalho Mendes (Social Economy Field Coordinator from the UCP-Porto)

⁵ Dec. Lei nº 36-A/2011 de 9 de Março

⁶ Dec. Lei nº 36-A/2011 de 9 de Março

⁷ Dec. Lei nº 36-A/2011 de 9 de Março

3 | Further Reading

SITE: <http://opbpl.cies.iscte.pt>

BOOK: Almeida, Paulo Pereira de (2009), O Sindicato-Empresa: uma nova via para o Sindicalismo; The Union-Enterprise: a new way for Trade Unionism, Lisboa e São Paulo, Editora Bnomics, [ISBN 978-989-8184-44-3].



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