

FAIRY TALE ORGANIZATIONS: MYTH AND REALITY IN BRAZILIAN THIRD SECTOR ORGANIZATIONS

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Introduction

Certain authors (Andion, 2001 e 1998; Chatterjee, 1993; Serva, 1997a, 1997b, 1993) are of the opinion that these organizations follow the model of substantive organizations, that is, organizations governed by substantive rationality (Guerreiro Ramos, 1981) and not by instrumental reason, a form of rationality prevalent in corporate bureaucracies, both public and private (Weber, 1991). If this is so, these work environments would emphasize cooperation, participative management and a shared decision-making process. Organizational structure would foster knowledge and the individual's harmony with the organization's values over performance and the results achieved in connection with objectives. In this way, work would be carried out with pleasure and the acceptance of individuals will be due more to their values than their competence.

From our experience – both as consultants and as academics – Brazilian Third Sector Organizations does not fit exactly into the model – which even can be called a Fairy Tale Organization -; the prevalence of this model should rest in the imaginary of some academics. But, what about nonprofit managers? Do they believe to be a part of a fairy tale?

Thus, the main purpose of this paper is to assess whether the substantive rationality organization mindset is effectively perceived by people working at Third Sector organizations. An exploratory field survey was carried out with philanthropic entities in the health services area to understand it

This paper is organized as follows: firstly, we describe the context of the conception of Third Sector organizations in Brazil. Secondly, we discuss the matter of the notion of rationality in the theory of organizations and in theories pertaining to Third Sector organizations in particular, in order to subsequently introduce the substantive organizations model. After that, we introduce the field survey methodology and results and, finally, our conclusions and proposals for future studies.

Discussion of Third Sector Organization Models in the Brazilian Scenario

The roots of the Brazilian Third Sector are closely associated with political militancy and social intervention. In the past two decades, a series of events took place in Brazilian society that had a

decisive contribution to this end, such as the movement for direct presidential elections, the promulgation of the 1998 Federal Constitution, ECO 92, the movement for Ethics in Politics, and Betinho's campaigns against hunger, to quote a few with greater media impact.

Changes in the Brazilian State and new trends in international cooperation have brought about the emergence of organizations characterized by volunteer work and contribution, within a non-governmental sphere and not exclusively dedicated to charity, philanthropy and the patronizing of the arts. The mobilization of civil society now demands that such organizations be justified before public opinion and the press, with the additional duty to register both politically and technically with the State, the private sectors and University. This is particularly remarkable in view of the need to collect funds with the private sector and of the changes introduced to Third Sector laws in 1998 and 1999. New challenges arose in terms of public visibility and accountability. It is now a requirement for sustainability for organizations to be able to constitute and project themselves in the public space as relevant protagonists, be it through the media, through direct relationships with the population, and/or through partnerships with the public power and other institutions, companies included. In order to accomplish this, factors such as organizational efficiency, innovativeness, production of provable social impacts and the presence of an appropriate communications policy are decisive.

Two factors led these organizations to seek out results-oriented forms of management. On the one hand, the State's downsizing and the increased scarcity of funding and support sources have inexorably caused them to seek out partnerships with the business community. On the other hand, Brazilian society has matured in terms of awareness and now demands increased clarity as to the use of the funds collected and the results achieved. The notion of accountability gains in strength and becomes applicable to nonprofit organizations, in connection with financial reporting, transparency, and the answerability of their managers in connection with the actions taken. Landim (1996) has dealt with these specific aspects in connection with NGOs in Brazil, but Mendes (1999) and Coelho (2000) have addressed the same problem in other Third Sector organizations.

Thus begins the debate on the rationality profile, as organizations with the mission of social transformation and intervention start knowing and applying management tools and organization forms inspired in business bureaucratic models. Authors such as (Andion 1998 : 12) regard this process of pursuing management and structuring towards efficiency as something evil that causes solidary economy organizations to increasingly adjust to the system's rules in the course of an institutionalization process. This trend is an adaptation of a social calling to a market mode of production. Such an adaptation can weaken the political content and the power to cause social change engendered by such organizations. From this point onwards, they are governed by the same rationality found in formal social institutions such as private businesses and the State. This author's argument lies in the fact that solidary logic must prevail over the merchant kind. She points out that the latter is but a viability instrument and not an objective in and of itself. By seeking forms of management closer to those found in the corporate, for-profit, world, Third Sector organizations weaken both their calling as social actors for change and their members' original motivational tone.

Similar to Andion's proposal, a recurring discourse on the characterization of such organization takes place, in which regard it with worth pointing out that:

- There is an urgent need of professionalization, as synonym for the end of the amateurish or informal form of management, towards planned, anticipated action;
- The market's organizations are all considered under a single form, whose model should not be adopted by Third Sector organizations;
- Substantive, rather than instrumental, rationality prevails therein;
- There is a gap in the theory of organizations that hampers understanding them.

The tone of Brazilian academic production validates the notion that there is a discourse that characterizes organizations operating in the social field as examples of configurations outside of the bureaucratic model, unable to resort this model because of their roots and operating purposes and because this model is based on rationality types that are incompatible with their mission. This discourse can be found in the Brazilian authors with the most production on the topic and that are closely connected with Third Sectors studies centers in Brazilian schools and universities such as EAESP-FGV, FEA-USP, PUC-SP, ISER-RJ, among others. In addition to the previously quoted authors, also noteworthy are Falconer and Fisher (1999), Cunha (1998), and Coelho (2000).

Therefore, a study of the rationality present in such institutions is justified. Great difficulties exist, however, in carrying it out, due to the huge spectrum of organizations comprehended by the notion of Third Sector. Besides, the issue of rationality is translated in internal practices, which are difficult to capture for the purposes of research. Therefore, we resorted to an initial field survey to identify indications of the organizational mindset of certain individuals working at Third Sector organizations in the health services area. Prior to that, however, one must recap the meaning of rationality, seeking out the roots of the concept and assessing its reflection in the world of organizations whose mission is to interfere in welfare and social development issues.

The Issue of Rationality in the Theory of Organizations.

It is impossible to introduce the issue of rationality without reference to Max Weber. For Habermas, the German sociologist described the modernization of Western society as the “result of a universal process”. The novelty introduced by Weber was the idea of describing and explaining modern society's changes by means of the criterion of “rationality” (Habermas, 1987 : 197).

Weber outlines this criterion in the general disenchantment process that takes place in the history of major religions, providing the internal conditions required for the appearance of Western rationalism (Habermas, 1987). In order to develop this analysis, “Weber utilizes a complex, although not at all confusing, concept of rationality”. (Habermas, 1987^a : 198). For Weber, one must understand the concept of rationality without detaching it from the broader context of manifold forms of social action (1991).

Like any and all actions, social action, for Weber, can always be categorized under one of the following types, based upon the rationality that drives it (Weber, 1991, p. 20):

1) **Ends-oriented rational (*instrumental rationality*)**: determined by the expected behavior of both outside world objects and of other men. Such expected behavior provide “the conditions” or

“the means” that can be relied on to attain certain ends that are rationally pondered and pursued; in this case, one deals with *social action motivated by instrumental rationality*;

2) **Values-oriented rational (which will be later called “substantive rationality” by Guerreiro Ramos):** determined by the conscious belief in values – ethical, aesthetic, religious, or any others – that are typical and absolute in connection to a certain behavior, regardless of results; in this case, one may speak of *values-driven social action, motivated by values-driven rationality*;

3) **Affective:** particularly emotional, determined by the affections and sentimental states of a given moment; *in this case, there is affective social action, motivated by affective rationality*;

4) **Traditional:** determined by deeply ingrained custom; *in this case, there is traditional social action, motivated by traditional rationality*.

Each of these types of social action – to which one rationality type corresponds – has its own peculiar traits.

In social action driven by instrumental reason, the agent is guided by the ends, means and consequences of social action; he rationally weighs means and ends, ends and consequences of social action, one against the others, with the result of obtaining all possible consequences. Under this type of social action, the agent makes decisions on action based upon calculations, on the cost/benefit ratio involving the ends, means and consequences of the social action eventually decided upon (Weber, 1991).

In social actions whose rationality is driven by the ends sought by the action, agents are not exclusively driven by affections or tradition.

“For their part, the decision among different, concurrent and conflictive, ends and consequences can be rationally adjusted to values; in this case, action is rationally adjusted to the ends exclusively at the means” (Weber, 1991 : 21).

In other words, it is conceivable for agents endeavoring social action to consider values alone until their objectives are set and, subsequently, start using instrumental rationality criteria to establish a hierarchy for the goals of their social action. For example, the manager of a company deciding to make a donation because of the belief in the company’s social responsibility has to decide to whom the donation will be made: an entity supporting cancer-afflicted children or another that serves HIV-positive transvestites. Until the decision to donate is made, the manager’s social action is governed by values-adjusted rationality; in order to define the entity that will benefit from the donation, the manager’s social action is governed by instrumental rationality – leading him to pick the entity that provides the best return or the least damage in terms of image.

Rarely social action is governed by a single type of motivation (ends-oriented rational, values-oriented rational, affective, or traditional). All such motivations, each connected to one type of rationality, are pure conceptual types, constructed for teaching purposes or to guide the method to be selected for each kind of social research (Weber, 1991). More often, one finds social action driven by hybrid rationality types.

Despite admitting almost all sorts of ‘mix’ in the motivation – and, therefore, the rationality type – that causes social action agents to operate, Weber was still surprised to realize that all social actions in capitalistic societies – in which the market was expected to establish equilibrium – are always motivated by instrumental rationality.

Rationality in Third Sector Organizations

Given the issue of rationality presented here, what rationality type prevails in Third Sector organizations? According to Reichard, the support base of Third Sector organizations is contingent on four variables: *instrumental rationality, formality, solidarity, and types of exchange with the outside world* (Reichard *apud* Seibel and Anheier, 1990 : 12). In this way, Third Sector organizations would tend to be characterized by low levels of instrumental rationality and formality and high levels of solidarity and direct exchange with their public (Seibel and Anheier, 1990). According to this reasoning, Third Sector organizations would be defined by a greater level of independence from these variables than governmental agencies and business firms.

The difference between Third Sector organizations and those in other sectors is found in relative, rather than absolute, terms. Third Sector organizations may even be less rational (from the instrumental perspective) and less formal. It may also be, however, that they give greater emphasis to the aspects of solidarity and exchange with the public than do the organizations in other sectors (Seibel and Anheier, 1990). This doesn’t mean that they are exclusively solidary and open to the public, nor that they lack room instrumental rationality and formality.

This is made clear in David Billis model for the Third Sector, according to which, in order to understand the Sector, it is important to consider the sphere of domestic relationships in the analysis of social sectors involved with social provision. There are, therefore, three worlds of social provision, as proposed by Billis (Billis, 1993): the domestic world, the associative world and the bureaucratic world. Each of these worlds comprises organizations that are similar one to another because they share the same logic, the same rationality type.

In the domestic world, social problems are solved by relatives, friends and neighbors, privately. There is no need for contractual arrangement among the parties to solve the problems the group may decide to challenge. The bonds that join the two sides – the one with something to demand, or a problem to be solved, and the “solver” of the problem or supplier of what is demanded – are solid, based on individual qualities like loyalty, affection, love, humanity, and others. From the Weberian perspective, social actions in the domestic world are motivated by affection and tradition (particularly the values that govern family structures).

The associative world comprised groups of people that seek to differentiate themselves from the remainder of society, so that, together, they may solve a problem, that is, do something; it is said that people associate themselves freely and share a single purpose or objective. Their actions are governed by a values-adjusted rationality (substantive rationality), which, in this case, causes the notion of affiliation to be important in order to maintain the group’s differentiation from the “outside world”. “Strangers” that cross the organization’s boundaries have to adhere to the

association's purposes in order to become members. Even the smallest of associations gives rise to a ruling body and a management team (that may even be made up of compensated employees), and may have to quickly establish a legal identity as, upon differentiating itself from the outside environment, the organization has to create a name for itself if it wishes to deal with the environment or, at last to maintain the exclusion of non-members. The crucial trait of such organizations is that although the organization may have a ruling body and a professional management team, its end-activities are performed exclusively by members and "associated" volunteers.

As for the bureaucratic world, Billis defines bureaucracy as "a system that gathers compensated employees, organized according to hierarchically defined roles" (Billis, 1993). Bureaucracies operate well when they attain to certain operating values, such as rationality (of the instrumental kind, in this case), subordination and authority. Bureaucratic managers are not elected by their subordinates, by individuals with higher authority. The chain of command is the keystone on which the bureaucratic organization lies.

Therefore, by taking the three worlds Billis proposes, the rationality that is expected to be found at associations is the one based on and adjusted by values and, thus, there is a lesser likelihood of encountering hierarchical, bureaucratic, structures and one-way control and communication systems.

Note that the social provision worlds as defined by Billis are not separate, but superposed, creating ambiguity areas where several logics and rationalities mix.

The Matter of Substantive Organizations in the Brazilian Context

In Brazil, the best known critique work in the field of organizations' rationality is Guerreiro Ramos's *A nova ciência das organizações* (Ramos, 1981). According to the sociologist from the State of Bahia, managerial theories have evolved little in regard to the issue of rationality, and the concept of rationality is still limited to the economic category. Guerreiro Ramos was bothered, above all, by the prevalence of the economic over other dimensions of human life. IN order to overcome this 'difficulty', and strongly influenced by the work of Karl Polanyi, Guerreiro Ramos proposed his *substantive theory of associated life*.

"A substantive theory of human associated life is something that has been existence of a long time and its systematic elements can be found in the work of thinkers of all ages, past and present, in harmony with the meaning common sense ascribes to reason, although no author has ever used the expression *substantive reason*" (RAMOS, 1989 : 27).

Therefore, by addressing the *substantive theory of associated life*, Guerreiro Ramos provides a glance into what might be a *Substantive Organization*. For him, substantive organizations are those built around an axis that, if not separate from the merchant sphere, is at least not subordinated thereto.

"In non-merchant societies, organizations generally constitute a field of experience no one is formally aware of. In such societies, individuals have a compacted, rather than differentiated, life.

In other words, substantive bases exist, instead of formal, contractual and legal ones. For example, in a primitive society, a family is a substantive organization” (Ramos, 1981 : 124).

On the other hand, unlike substantive organizations, formal organizations are based upon calculation and, therefore, create systems whose straightforward aim is to optimize economic results. Guerreiro Ramos clearly conceives of a dual organizations model: on the one hand, formal organizations (which he aligns with bureaucracies in the Weberian sense) ruled by instrumental rationality; on the other hand, substantive organizations governed by substantive rationality.

Despite the importance given to the concept of substantive organization in Guerreiro Ramos’s work, one may state that, from the descriptive-operational perspective, it is impossible to discern the structure of this type of organization in this thinking. This is the contribution of another Brazilian author, Maurício Serva (1997a, 1997b), whose work is strongly influenced by Guerreiro Ramos. This author uses Ramos’s critical ideas on the domain of rationality in modern social life to develop studies on concrete social organizations. In a previous study (Serva, 1993), dubbed as substantive organizations, those aligned with *a model that arises from the spontaneity of individuals worldwide that gather around ideas and principles that determine joint actions, configuring social and organizational practices that are not committed with the essentially systematic statute of bureaucratic society*. The points made by Serva in this study are the base for the questionnaire used in our field survey, as it lists all points regarded as fundamental to differentiate instrumental rationality, typical of the corporate world, from substantive rationality which, according to this author, better describes Third Sector organizations. The points that characterize what Serva called substantive organizations are:

- ❑ **Guiding principles** – recognition of members’ individuality, while greatly valuing the collective dimension, denoting an important pursuit of balance between the individual and the organization. That is, starting from individuals, there is a desire to create an organization to enable their joint wishes based upon the proximity and compatibility of values. This leads to other principles, such as the cult of freedom, the spontaneous making of commitments, and an identity in terms of general values. Serva’s research also identified acceptance of the presence of conflict, which indicates a constant disposition for talks among parties.
- ❑ **Motivation** – Formal control mechanisms are replaced with informal practices, with self-control prevailing. There is a belief in that an individual’s greatest motivation lies in his or her harmony with the mission.
- ❑ **Relationships among organization members** – A general wish that work be enjoyable is noted, according to which the sense of accomplishment is greater than ends, observing a high level of solidarity and affection among members, as well as the presence of effective participation of each in the organization’s life. Face-to-face contracts prevail. Such a configuration enables greater expression of day-to-day feelings.
- ❑ **Reflection on the organization** – It is intense and collective, with ample participation of members in the organization. Day-to-day policy is more valued than long-term planning.

- ❑ **Hierarchy** – Structural flexibility is the main trait here. To the outside world, a striking hierarchy may seem apparent, but this internally neutralized. In certain collectivist organizations, the performance of tasks rotates, with aptitude and individual interest as bases for taking responsibility for tasks.
- ❑ **Criterion for selection/acceptance of members in the organization** – Alignment with the organization's greater cause and identification with personal and group values are the essential criteria. Availability and empathy are complementary criteria.
- ❑ **Information and decision-making process** – Information flow freely, without secrecy. This also applies to financial and accounting information. The decision-making process is collective, based in meetings with the participation of all members.
- ❑ **Compensation** – Based on the role played by each member or volunteer.
- ❑ **Working hours** – The tone is set by extremely flexible hours, based on variables such as availability, individual commitment and the entity's operation.
- ❑ **Self-assessment**: In order to express a self-image an organization is needed in which satisfaction arises from the pursuit of an ideal, in which work is performed with pleasure through individual and group satisfaction and the absence of alienation at work.
- ❑ **Individual performance assessment** – Assessment is collective, that is, performed by the whole group under joint processes. It is often not systematically performed.
- ❑ **Social expression of the organization** – Relates to ample dissemination of its ideals and values, as well as transparency in connection with practices and activities. The chief concern lies in the authenticity, legitimacy and depth of social expression.
- ❑ **User satisfaction** – Some organizations never made any systematic effort to measure users' satisfaction levels.
- ❑ **Insertion of the organization in society** – support is sought from individuals and/or social groups that identify with the cause and the values the organization stands for.

Serva concludes by stating that, in these organizations, a concern exists with effectively rescuing the human condition. Authenticity, respect to individuality, dignity, solidarity, affection, are some of their striking traits, revealing the presence of substantive rationality and creating productive structures under which work is performed with pleasure, with great stress on personal relationships, interaction, and living the present. These organizations are guided by a rationality that enable individuals to ethically organize their lives, generating actions that seek to strike a dynamic between personal and social satisfaction, as well as leading to full self-accomplishment and a realization of one's human potential – hence the name substantive rationality organizations.

The organizations addressed by Serva in the previously mentioned study were schools, rehabilitation centers, community and artistic development organizations. By regarding them as such, Serva becomes one of the voices in Brazil that argue that Third Sector organizations cannot

adhere to what he calls business models, which would defeat their purpose. He then suggests a new paradigm to analyze this type of organization, one based on the theory of complexity. “A new foundation is required, in line with the evolution post-modernity has imposed on the world. A foundation that denotes a science of what is to come” (Serva,1993 – 41).

Philanthropic Health Organizations: Field Survey

In order to get a group of Third Sector organizations, we developed an exploratory survey of the qualitative type, with the use of a structured questionnaire submitted by e-mail. We have taken philanthropic health organizations taking part in a marketing qualification program for philanthropic health institutions. The program has been named *Crescendo Juntos* (“Growing Together”), and took place in São Paulo, in 2001 and 2002, with a total fifty hours of lessons in marketing, communication and strategic planning. We believe this group of philanthropic entities is appropriate for the purposes of research as they are typical Third Sector organizations, mobilized to acquire managerial knowledge. Therefore, they are characterized as organizations of the sort we described in the beginning of the article, that is, organizations that carry out social welfare tasks and require more efficient forms of management, as they are faced with a severe scarcity of resources and with public opinion pressures towards transparency and efficiency. We may, therefore, say that they are undergoing an institutionalization process, inasmuch as they need to become acquainted with management tools that mobilize their stakeholders into commitment with their mission and survival.

The *Crescendo Juntos* program was conceived and organized by a private consulting organization in partnership with Federação das Santas Casas do Estado de São Paulo. The program’s original idea was to concentrate in *casas de saúde* and philanthropic hospitals, but enrollments revealed a broader universe of entities involved with health, welfare and human development. Thus, non-governmental organizations, foundations, and even individuals interested in the topic took part in both versions of the program, held in 2001 and 2002. A total fifty-two different organizations graduated. Chart 1 reveals the attendance profile, considering both versions of the program.

Our survey was held in May and June 2002. The structured questionnaire was divided into two parts. In the first, Organization Data, the organization and its institutionalization level are characterized and it is evaluated by whether or not it has bylaws, a banking account with a financial institutions, and compensated employees. In the second part, Organization Characteristics, we use Likert Scales to assess the level of respondent consistency or inconsistency as regards the points proposed by Serva (1993) as those that characterize organizations as displaying substantive rationality. Seventeen statements were presented and, for each one, the respondent had to select one single alternative from:

1 – Completely disagree; 2 – Disagree; 3 – Neither agree, nor disagree; 4 – Agree; 5 – Completely Agree

The full text of the questionnaire, the data on the respondent organizations, and their names can be found at the end of the article (APPENDIX A, APPENDIX B, and APPENDIX C).

CHART 1 - *Crescendo Juntos* Program – Profile and Number of Attending Organizations. Number of Responding Organizations.

Organization Type	Number of Attending Organizations	Number of Responding Organizations
Support and Development Associations	22	10
Philanthropic Hospitals and Casas de Saúde	20	5
Foundations and Institutes	5	1
Business Foundations	2	1
Other	3	2
TOTAL	53	19

The questionnaires were sent by e-mail to all organizations that attended the programs. As regards those with more than one representative in the program, the electronic message was sent to all participants, but with the request of returning one single completed questionnaire per entity. On the day subsequent to sending the questionnaire, telephone contact was made with all organizations in order to motivate participation in the survey and clarify doubts. Out of a total eighty-seven messages sent to fifty-three entities, we received nineteen answers.

Malhotra (2001) argues that qualitative exploratory research with a structured questionnaire is best fitting when the purpose is a better view and understanding of the problem itself, in addition to the identification of relevant courses of action and conclusion. This seems to us to be the case for this study, as both the concept of Third Sector organizations and those of rationality and substantive organization are controversial; relating them, therefore, is a task that requires an initial investigation step that enables researchers to more accurately define the boundaries of the problem.

Spector (1992 : 31) argues that Cronbach's Alpha index indicates the consistency of scale on a range between 0 and 1. For this sample, we obtained a Cronbach's Alpha of .8377, which indicates good consistency. Still, given that this is a very small sample, it would be advisable to repeat the survey with samples in excess of thirty components and observe the same index. IN the same author, we find that Skewness is an observations concentration index. Negative values indicate above-average response concentration and ,conversely, positive values indicate greater presence of below -average responses.

In Chart 2, we summarize the text of the statements and present some statistics on the analyzed series.

As has been mentioned previously, this study allows no relevant statistical conclusion, given the small sample and the fact that the variables addressed still require better definition. Still, some interesting trends were observed that could lead to future studies.

In general questions were graded above the average 3, in favor of agreement with the content of the statements submitted. This may indicate that the substantive organization model is being perceived as such by the respondents. It is worth noting that all we could observe was the respondents' perception. Future studies will necessarily evaluate, in addition, management practices at these institutions so that one may conclude whether or not they really are substantive organizations

Three issues stand out with lower scores, indicating increased disagreement from the statements submitted.

The first, statement "f", offered the following text: *Compensation depends on the position occupied*. Serva (1997) indicated, in this research results, that in substantive organizations compensation is based in the job performed by each member or is based on volunteer work. Such a response may indicate a dysfunction in the model as proposed by Serva (1993). However, one cannot refrain from noting that most respondents came from Support and Development Associations, where great presence of volunteer work is observed, which may have led to the low score. In future studies, it may be worth dividing the sample according both to the size of each institution and the number of employees, as well as the presence and relevance of volunteer work.

The second statement, "k", read: *Information flow freely, without secrecy*. We analyzed each of the five groups of respondents in separate and realized that in the hospitals and *casas de saúde* group this statement had a particularly low score, getting only "2" answers, that is, "Disagree". Likewise, this is a remarkable result and may be a strong indication of the difficulties involved in developing an organization oriented towards values and sentiment. However, hospitals and *casas de saúde* are larger-sized organizations, with more complex structures than associations. This profile may have a sizable impact on communication and sharing among members. One cannot, however, disdain the fact that communication is a crucial factor to build commitment and solidary behavior. Even if this result arises from an imperfect sampling, the issue of communication tends to be a relevant point to be addressed carefully, particularly if the addressed organization displays intense growth and loses its initial informality and mobilization impetus.

The third statement, "l", was: *The decision-making process is collective, based on meetings attended by all*. Also in regard to this statement, the group made up of hospitals and *casas de saúde* gave lower scores, along with Foundations and Institutes, than the group Support and Development Associations. Reasoning in line with that of the previous paragraph seems to apply here.

Conclusion

The Brazilian Third Sector arose from repressed demands by the Brazilian civil society, oppressed by authoritarian regimes that had it crushed and disintegrated. The tone of social mobilization is present in the media, in the regular syllabus of schools and universities, in businesses, and in all institutions generally.

In addition to drawing attention to urgent social issues like exclusion, poverty and corruption, Third Sector organizations also appear as an alternative professional space to bureaucratic organizations, both public and private, where ends-oriented rationality rules, leading to de-humanization and suffering of man at work. Environments are sought that offer cooperation, tolerance, inclusion and, above all, pleasure in carrying out a job committed to social and ethical ends.

Might all this be a mere fairy tale? Could it be that any organization has control mechanisms that end up selecting a few to control others?

The notion of rationality at organizations, as proposed by Weber, elaborates on the issue of the motives behind any human social action. This is why this author is so relevant to this study, as through analysis of an organization's rationality profile one may catch a glimpse of the motives that cause or drive its members to act.

Organizations oriented towards social intervention and transformation are a likely match for flexible structures, participative decision-making processes, and values-based action. These are the organizations we pursue in our dreams and labor to build.

This is an empirical work, merely laying the ground for the definition of a more robust methodology that enables a deeper assessment of the issue of rationality. Results are not yet statistically valid, but let us evaluate some trends or noteworthy spots that cannot be disregarded in future studies. A group of typical Brazilian Third Sector organizations, that is, philanthropic health services organizations, served as pilot to commence the definition of a deeper methodology to evaluate the prevailing rationality. Our study only included the perceptions of respondents. Still, our results are not to be dismissed.

In general, the organizations that took part in the survey were close to what Guerreiro Ramos (1981) defined as Substantive Organization. But three fundamental conditions of the model did not turn up as expected: compensation in line with the job, free flow of information among members, and shared decision-making process. These are three crucial factors, without which Third Sector organizations are nothing but a fairy tale in which individuals and places exist where joy can be experienced, even at work.

This study's limitations prevent it from being taken as scientific evidence of the presence of an organization model that is fitted to the field altogether. Further research will require more rigorous sample selection. This clearly indicates the difficulty in defining the Third Sector, given the immense range of distinct organizations that fit the concept.

Third Sector organizations in Brazil may be seeking alternative models, but they need to give special attention to performing actions in favor of shared decision-making and intense information flows. Control and the imposition of constraints in connection with these items are the pillars of the bureaucratic model they are so eager to fight. Thus, from practitioners and academics, it is endeavors to challenge this fairy tail model in order to even allow substantive values and ideas to emerge as *praxis*, not only rhetoric.

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APPENDIX A

Survey Formulary

1) Entity Data

- a. Full Name of the Entity: has bylaws () yes () no
- b. Has a checking account with a financial institution () yes () no
- c. Number of members:
 - i. Volunteer:
 - ii. Compensated:
- d. Is affiliated with other representative entities, such as federations, ABONG, Instituto Ethos or others? If so, list affiliations.

2) Organizational structure features:

Consider the statements below and mark one single grade between 1 and 5 with a circle, given:

- 1 – completely disagree
- 2 - disagree
- 3 – neither agree nor disagree
- 4 - agree
- 5 – completely agree

a. We work under a structure that privileges the knowledge of each member over the position held.

1	2	3	4	5
----------	----------	----------	----------	----------

b. There is constant reflection with all members in connection with the issues relevant to the organization.

1	2	3	4	5
----------	----------	----------	----------	----------

c. We regard conflicts as opportunities to know ourselves and to learn how to negotiate.

1	2	3	4	5
----------	----------	----------	----------	----------

d. I work at an organization that doesn't respect balance between my personal life needs and the needs of the organization.

1	2	3	4	5
----------	----------	----------	----------	----------

e. Everyone is always aware of matters relevant to the organization.

1	2	3	4	5
----------	----------	----------	----------	----------

f. Compensation depends on the position held by each member.

1	2	3	4	5
----------	----------	----------	----------	----------

g. Acceptance of new members relies less on identification with the organization's values than in technical competence for the performance of tasks.

1	2	3	4	5
----------	----------	----------	----------	----------

h. Policy and day-to-day conviviality are more valued than long-term planning.

1	2	3	4	5
----------	----------	----------	----------	----------

i. People rotate in the performance of tasks.

1	2	3	4	5
----------	----------	----------	----------	----------

j. Individual aptitude and interests are the basis for taking responsibility over tasks.

1	2	3	4	5
----------	----------	----------	----------	----------

k. Information circulate freely, without secrecy.

1	2	3	4	5
----------	----------	----------	----------	----------

l. The decision-making process is collective, based in meetings where all take part.

1	2	3	4	5
----------	----------	----------	----------	----------

m. In this organization, satisfaction arises from the pursuit of an ideal.

1	2	3	4	5
----------	----------	----------	----------	----------

n. There is constant pursuit of the society's involvement to support the organization's development.

1	2	3	4	5
----------	----------	----------	----------	----------

o. Hours are extremely flexible, established based on matters such as availability, individual commitment and the organization's operations.

1	2	3	4	5
----------	----------	----------	----------	----------

p. Work is done with pleasure, through individual and group satisfaction.

1	2	3	4	5
----------	----------	----------	----------	----------

q. Individual performance is periodically evaluated, with room for dialog and negotiation.

1	2	3	4	5
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APPENDIX B

CHART 2 – List of Statements and statistics for the 19 respondent-sample

Issue (abridged text)	Valid Responses	Mean	Mode	Std. Deviation	Skewness	Std. Error of Skewness
a)Structure fosters knowledge over position	19	3.72	4	1.32	-.804	.536
b)Constant reflection on relevant issues	19	3.44	4	1.2	-.544	.536
c)Conflicts are regarded as opportunities	19	3.94	4	1.16	-.894	.536
d)Organization doesn't respect balance (R)	19	3.72	4	1.18	-1.089	.536
e)Everyone is always informed	19	2.72	4	1.27	-.179	.536
f)Compensation depends on the position	19	3.06	2	1.43	.026	.536
g)Acceptance based less on values and more on competence (R)	19	3.78	4	1.06	-.503	.536
h)Policy and conviviality are more valued than planning	19	3.33	3	1.14	-.21	.536
i)Rotation in the performance of tasks	19	3.29	4	1.1	-.035	.55
j)Aptitude and interests are the basis for responsibility	19	3.41	4	1	-.567	.55
k)Information circulates freely	19	2.88	2	.93	.256	.55
l)Collective decision-making	19	2.76	2	1.2	.266	.55
m)Satisfaction arises from the pursuit of an ideal	19	3.71	4	1.16	-.434	.55
n)Involvement with society is sought	19	4	4	1.06	-1.069	.55
o)Flexible hours	19	2.82	4	1.24	-.073	.55
p)Work is performed with pleasure	19	3.59	4	1.06	-.437	.55
q)Individual performance is evaluated periodically	19	3.18	4	1.33	-.184	.55

APPENDIX C

Chart 3 – Respondent Organizations Profile

Name of the Institution	Bylaws	c/c	VM	RM
Irmandade Santa Casa de Misericórdia SP	0	0	58	7350
LARES - Legião de Assistência e Reabilitação de Excepcionais	0	0	24	18
Associação de Diabetes Juvenil - ADJ	0	1	15	8
Associação Brasileira de Laser em Odontologia - ABLO	0	0	50	2
Fundação Dixtal	0	0	10	8
Sanatorinhos - Ação Comunitária de Saúde	0	0	0	300
Associação de Pais e Amigos do Excepcionais de São Paulo	0	0	235	389
Projeto Ametista (Ame o artista que há dentro de vc)	1	1	20	0
Ass. Casa Fonte da Vida Hospital São Francisco de Assis	0	0	100	300
Pró-Saúde Ass. Benef. De Assistência Social e Hospitalar	0	0	300	10500
Associação Comunitária de Suzano	0	0	1000	1
Sociedade Beneficente São camilo - Mens Sana	0	0		16
Laramara - Ass. Br. De Assistência ao Deficiente Vis ual	0	0	100	250
Associação Brasileira de Essências Florais	0	0		1
UNIFESP - Coordenadoria de Saúde de Família e Comunidade	0	0	59	10877
LALEC-Lar,Amor,Luz e Esperança da Criança HIV+	0	0	40	23
Day Care	0	0	18	8

Bylaws: 0 = Yes, has bylaws, 1 = No, has no bylaws

C/c: 0 = Yes, has a checking account with a financial institution, 1 = No, has no checking account with a financial institution

VM = Volunteer Members

RM = Registered Members (compensated professionals)