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Trapped in an Identity Gap? Self-Perception and Self-Esteem of Nonprofit-Organizations in Changing Environments

1. Introduction

All over the world, nonprofit organizations increasingly have to cope with changing environments. In many countries, their societal roots are at stake due to processes of intensified individualization and of increased pluralization of traditional social milieus. As a result, while losing embeddedness in their communities nonprofit organizations are increasingly facing problems of identity. At the same time, the borderline between the market and the nonprofit sector is shifting. Once started as small organizations serving the very poor, many nonprofits have developed into huge enterprises, thus forming a nonprofit service provision industry. Against this background, for-profit organizations are beginning to make inroads into areas of activity and fields of social service delivery which used to be exclusively populated by nonprofit organizations. Finally, the state, which used to perceive nonprofit organizations as a powerful force that gives a voice to the underprivileged and trouble makers a place to put their demands into action, has started to turn to the sector for professional advice and administrative support. Within the concept of new public management and under guidance of the „re-inventing government approach“, liberal politicians look upon nonprofit organizations as major actors within modernized governance structures. Nonprofits are more and more struggling with competitive environments set up by government agencies that are trying to increase efficiency within the nonprofit sector.

Confronted with these radical changes, there is no doubt that nonprofit organizations have to adjust their strategic behavior as well as their image, identity and self-esteem to the new developments. However, up to now, there has been very little research (Young 2001) analyzing questions of image and identity of nonprofit organizations, although, according to organization theory, concepts of identity are at the very heart of strategic change and structural adjustment of organizations (Albert/Whetten 1985; Ashord/Mael 1989; Gioia et al 2000; Gioia et al 1996).

From an organization theory point of view, identity is defined as the borderline between the organization or system and its environment (Zauner 1999). According to the classic definition of

identity by Albert and Whetten, identity expresses “What kind of organization is this?” (Albert/Whetten 1985). At the same time, the term “image” refers to external assessments. According to Gioia, the “image” is an encompassing concept, which also contains “the public perception of a given organization” (Gioia et al 2000: 63). Since third sector organizations depend on voluntary activities, donations and voluntary work but at the same time can hardly give a proof of their efficiency, a good image is crucial for third sector organizations since it is the only way to acquire and safeguard their vital resources.

For nonprofits, identity is crucial, due to the fact that strategic and long-term decisions can only be taken if there is some degree of consensus concerning the central character and specific profile of the organization (Albert/Whetten 1985: 265ff./Young 2001a). An organization may develop dual or multiple identities: e.g. an “ethical” identity reflecting the central purpose or ideology of the respective organization, and a “utilitarian” identity, which is closely connected to the function of the organization as a service-provider, thus competing with other organizations. Dual identities might translate into conflicts within the organization because members of the organization are uncertain of how to behave. The same holds true for the organization’s image, which also might become unclear and arbitrary (Albert/Whetten 1985: 275ff., Golden-Biddle/Rao 1997).

Based on the results of the German study of the Johns Hopkins Comparative Nonprofit Sector Project, this paper approaches issues of identity, self-image and self-assessment of third sector organizations in Germany. Furthermore, it tries to stimulate research on identity-formation and image-attribution among third sector organizations. First, we will briefly sketch the methodological approach of the Johns Hopkins Project. Subsequently, drawing on the results of the German study we will provide an overview of German nonprofits active in the fields of health care, social services, and environmental protection, as well as international activities. Based on the results of an organizational survey, which was conducted within the framework of the German study of the Johns Hopkins Project¹, we will then address issues of self-assessment and problem perception of organizations working in those fields, thus linking the topic organizational self-image to strategic behavior.

¹We express our gratitude to the Hans Boeckler Foundation, which financially supported the survey. A detailed description of the methodological approach as well as a description of the results can be found in the final report available at the Boeckler Foundation (Zimmer/Priller 1999).

2. The German Study of the Johns Hopkins Comparative Nonprofit Sector Project

From 1990 up to now, the project has been investigating the nonprofit sector of more than 22 countries. Under the leadership of the Center for Civil Society at the Johns Hopkins University, national teams analyzed the sector as a major economic as well as a dynamic social and political force in each country. Germany participated in the project from the very beginning (Salamon/Anheier 1994; 1998).

With respect to data gathering, the German research team has used various sources such as national macro-economic statistics, the accountings of the social insurances, and other specific surveys and statistics, i.e. the data base of the *Welfare Associations*, which are the most important providers of social and health services in Germany. The German research team conducted two surveys: a representative survey on membership and volunteering (3,000 interviews: 1,000 in East Germany and 2,000 in West Germany), and an organizational survey. The organizational survey was conducted as a postal inquiry using a questionnaire that covered aspects of financing and employment and that addressed problems and future expectations of nonprofit organizations. The questionnaire was mailed to more than 8,000 nonprofit organizations, and with 2,240 organizations responding a return rate of 28 % was achieved (Priller/Zimmer 2001a: 200-202; Priller/Zimmer 2001b: 15).

The German team used the operational definition of a nonprofit organization (for definition see Priller/Zimmer 2001b: 13), which was developed in the context of the Johns Hopkins Project and on the International Classification of Nonprofit Organizations (ICNPO) (Salamon/Anheier 1992a,b). The latter refers to the distinguished taxonomy of third sector organizations (Priller/Zimmer 2001b: 14)². Among those are membership-based associations, such as labor unions, sports or hobby clubs, grant-making or operating foundations, advocacy or lobby groups as well as entities that primarily serve the public, such as nonprofit hospitals. Mutual societies, political parties and religious congregations are not covered by the German study.

² The following sections were established: culture and recreation, research and education, health care, social services, environment and nature protection, housing and employment, representation of consumers' and civil interests, foundations, international activities, economic and professional associations including trade unions. Furthermore, a subdivision into fields of activity was developed for each section. The organizations were able to associate themselves with one or several of these sections.

The postal inquiry was carried out in 1998. Regarding the willingness to reply, there are great differences with respect to the return rate of organizations operating in various fields. Organizations active in the areas of environmental protection (40 %) and international activities (41 %) were quite eager to participate, which translated into a high return rate. This was not the case in the field of health care (10 %) and social services (26 %). In numbers, conclusions on self-assessment and identity are based on statements made by 59 organizations in the field of health care, 847 in the social services, 126 in environment and nature protection, and 54 in the international activities field. Due to the design of the postal inquiry, we will not be able to provide a representative overview. Instead we will try to draw your attention to the societal importance of third sector organizations; we will reflect on their position with regard to the competing sectors market and state; finally we will discuss their perception of problems. These are meant to serve as first hints and approaches to determine a self-image of third sector organizations and their identity with a particular focus on the four sections mentioned above. Before presenting the results of the inquiry in detail, we will briefly sketch the internal structure, economic importance, and the financing of the German third sector. Furthermore, we will provide information concerning the organizations that are active in the areas of health care, social services, and environment, as well as international activities.

3. The third sector and its organizations as reflected by the results from the German part of the Johns Hopkins Project

The results of the German study of the Johns Hopkins Project show the remarkable economic strength of the sector and its increasing importance for the country's labor market. In 1995, the expenditures of the third sector in Germany amounted to 135 Million Deutschmarks (about €69 Million). With 2.1 million employees working in the sector (1995), its share of the country's workforce was almost 5 % (see Priller/Zimmer 2001a: 202 f.). With respect to purely economic indicators like "employment" and "expenditures", the sector is dominated by the core areas of the welfare state activity, namely by health care and social services (see Table 1).

Table 1: German Nonprofit Employment 1990 and 1995 (full-time equivalents)

Section	1990		1995		1990-1995
	Employees	% of Nonprofit Employment	Employees	% of Nonprofit Employment	Growth Rate of Nonprofit Employment in %
Culture and Recreation	64,350	6.3	77,350	5.4	20.2
Education and Research	131,450	12.9	168,000	11.7	27.8
Health	364,100	35.8	441,000	30.6	21.3
Social Services	328,700	32.3	559,500	38.8	70.2
Environment	2,500	0.2	12,000	0.8	388.0
Development and Housing	60,600	6.9	87,850	6.1	45.0
Civic and Advocacy	13,700	1.3	23,700	1.6	73.3
Philanthropy	2,700	0.3	5,400	0.4	100.0
International Activities	5,100	0.5	9,750	0.7	89.8
Professional Associations and Unions	44,800	4.4	55,800	3.9	24.5
Total	1,018,000	100	1,440,850	100	41.5

Database: Johns Hopkins Comparative Nonprofit Sector Project, German study

In 1995, health and social services together held a share of approximately 70 % of the overall nonprofit employment and a share of 62 % of the overall expenditures of the sector. That same year, almost every third job in the sector was in the field of health care, and every third Deutschmark was spent there. In the field of social services, it was even a little more than every third job and more than every fourth Deutschmark (Zimmer/Priller 2001: 134 f.). In contrast, the economic importance of other areas of nonprofit activity such as environment and international activities turns out to be quite unimportant. With around 22,000 employees, the two fields together held a fairly low share of nonprofit employment (1.5 %) in 1995. However, with respect to the growth rate (in %) of nonprofit employment, these areas appear in a different light. These areas of activity can look upon growth rates of employment which exceeded any other field of nonprofit activity by far. Employment in the field of environmental care increased by a

remarkable 380 %; the growth rate in the area of international activities accounted for about twice (90 %) the expansion rate of the entire sector (42 %) (Zimmer/Priller 1999: 20).

The revenue structure of the German third sector clearly reflects its state dependency (Priller/Zimmer 2001a: 213). More than 60 % of the sector's revenues are public grants and insurance allowances; 33.3 % of its financing comes from charges, remunerations and membership fees, and only 3.4 % are based on donations and sponsorships. The significant share of public money is an outcome of the normative principle of subsidiarity, which is integrated into the German social welfare legislation.

Compared to other European countries with inclusive welfare states, the German public sector is relatively small with respect to its personnel and resource structure. This is due to the fact that by referring to the principle of subsidiarity government duties are often handed over to private actors, especially to third sector organizations. This is particularly the case in the areas of health care and social services activities. However, the principle of subsidiarity is also in place with respect to other fields of nonprofit activity, namely / like foreign and humanitarian aid as well as environmental protection (Zimmer et al 1999: 96; Huck 1998). However, only those nonprofits working in the fields of social service and health care are legally eligible for public benefits. In these areas of nonprofit activity, for a long time nonprofits linked to the German Welfare Associations held a privileged position since they were by law protected against commercial competition (further details see Zimmer 1997: 97; more extensively Sachße 1994). Recently, the rather narrow concept of subsidiarity, which was primarily applicable for the German Welfare Associations, has been modified. By now, government agencies are also working together with for-profit organizations being active in the social and health services industry. Increasingly, German government agencies are engaging in competitive tendering, thus signing contracts which are issued under competitive circumstances (Stöbe-Blossey 2001; Backhaus-Maul/Olk 1994). Therefore, the items listed under public monies are not exclusively governmental subsidies but to a great extent remunerations for services and thus the "purchase price" the organizations get for providing those services. In order to get these contracts, nonprofit organizations increasingly have to compete with for-profit providers.

A closer look at the revenue structure of the various fields of third sector activity in Germany reveals significant differences for each area (see Table 2). Organizations active in the field of

health care are almost entirely funded by public monies, insurance allowances and other public substitutes, whereas nonprofits providing social services are financed by remunerations for their services, direct public benefits and increasingly by charges and fees. Organizations working in the area of international activities are financed on almost equal footing by public monies and private giving with private giving being on the increase since 1990. Finally, fees and charges are an important source of income for organizations active in the area of environmental care and nature protection.

Table 2: Revenues of German Nonprofit Organizations in 1995 (in percent)

Field of Activity	Public Monies	Private Giving	Fees, Charges
Culture and Recreation	20.4	13.4	66.2
Education and Research	75.4	1.9	22.6
Health	93.8	0.1	6.1
Social Services	65.5	4.7	29.8
Environment	22.3	15.6	62.1
Development/Housing	0.9	0.5	98.6
Civic and Advocacy	57.6	6.6	35.8
Philanthropy	10.4	3.4	86.2
International Activities	51.3	40.9	7.8
Business and Professional Associations/Unions	2.0	0.8	97.2
Total	64.3	3.4	33.3

Database: Johns Hopkins Comparative Nonprofit Sector Project, German study

When taking a sector specific approach, one gets a very general impression of the diversity of its institutions. Therefore, based on the results of the organizational survey, in the following section self-perception and self-esteem of the institutions will be investigated. Firstly, we will draw a picture concerning size and age of the organizations working in the fields of health, social services, international activities, and environment (see Zimmer/Priller 1999). In the area of health, the majority of organizations interviewed were hospitals with an annual budget of far more than 2 million Deutschmarks (1 million Euros). They are fairly old organizations, a third of them being established before 1945, which predominantly work with full-time employees. In contrast, the pattern of employment is more heterogeneous in the field of social services. Organizations being active in this area are frequently working with part-time employees. Due to

the extension of the welfare state in the 1970s and 80s, there has been a foundation boom of organizations in this particular field of nonprofit activity. Thus, there are small locally based organizations coexisting with large institutions. About a fourth of the organizations interviewed in the field of social services has an annual budget of more than two million Marks, a third has less than 100,000 DM. Organizations covered by the questionnaire in the field of international activities are either human rights organizations or working in development aid. These organizations are comparatively young, two thirds being funded since the 70s. 40 % of the organizations have an annual budget of more than 2 million Marks at their disposal. By in large, organizations in the field of international activities are working with full-time employees. Organizations active in the area of environment are predominantly small and membership based and thus have a budget of less than 100,000 Deutschmarks per year at their disposal. Patterns of employment of these organizations cover a wide range of employment types, they range from full-time employees to hourly employees. However, about 50% of these organizations work exclusively with volunteers (Zimmer/Priller 1999: 219-221). Overall, the results of the organizational survey reveal a tendency towards professionalization, they also confirm the pronounced dependency on public monies of German nonprofits.

All in all, results of the Johns Hopkins Project reveal a remarkable success story of the sector in Germany. However, the impressive growth rate of the sector took place in “the shadow of the state”. The success was based on a particular public-private partnership, which was highly influenced by the concept of subsidiarity. The core of the partnership consisted in a guarantee for the existence and autonomy of nonprofits being active in the fields of health and social services, while overall responsibility remained with state government (see Sachße 1995: 133). Until recently, due to this traditional public-private partnership nonprofits active in the fields of health and social services have enjoyed a very privileged position with respect to public finances. In the meantime, however, this interpretation of the concept of subsidiarity which resulted in a high degree of public financing of nonprofits, is questioned. Currently, German nonprofit organizations have to cope with constraints of public financing, at the same time the public sector is shifting to contract management, thus allocating its funds by competitive tendering (Nullmeier/Rüb 1993). From an organizational point of view, it is not clear at all how nonprofits managed to adapt to these changes. How do they cope with a drastically changing environment? Has the introduction of competitive tendering a significant impact on the self-assessment and strategic development of nonprofits in Germany? In relation to the market and the state, how do

nonprofits perceive their competence and self-esteem? Are there significant differences between nonprofits acting in health and social services and organizations being active in the areas of the environment and international activities? Drawing on the results of the organizational survey of the German study of the Johns Hopkins Project these questions are discussed in the following.

4. Self-assessment and self-image of third sector organizations

When investigating the third sector in Germany, we are confronted with very different images of nonprofits: On the one hand, the media praises nonprofits as „new heroes“ (Spiegel special 1995), who enjoy a high reputation. They are considered to be guarantors of civicness, idealism and values. According to this image, there is a close linkage between nonprofits and concepts of a global civil society (see Giddens 1999: 95-103; Dettling 1998: 299 f.). On the other hand, nonprofit organizations suffer from a very negative image, which makes others perceive them as having to keep up with “mellow weakness” (see Seibel 1991). According to this image, nonprofits are incompetent organizations and therefore unable to keep up with competition with both the market and the state. While nonprofit organizations active in the fields of environment and international activities are perceived as “new heroes”, nonprofits active in the areas of health and social services have to cope with the very negative image of amateurism, low efficiency and effectiveness as well as nepotism and even corruption (Seibel 1992; Bauer 1997: 149; FAZ 1999; TAZ 2000). Up to now, we cannot satisfyingly say if these varying images are reflected on an organizational level as well since hardly any research on identity and self-esteem of third sector organizations has been carried out (Young 2001b).

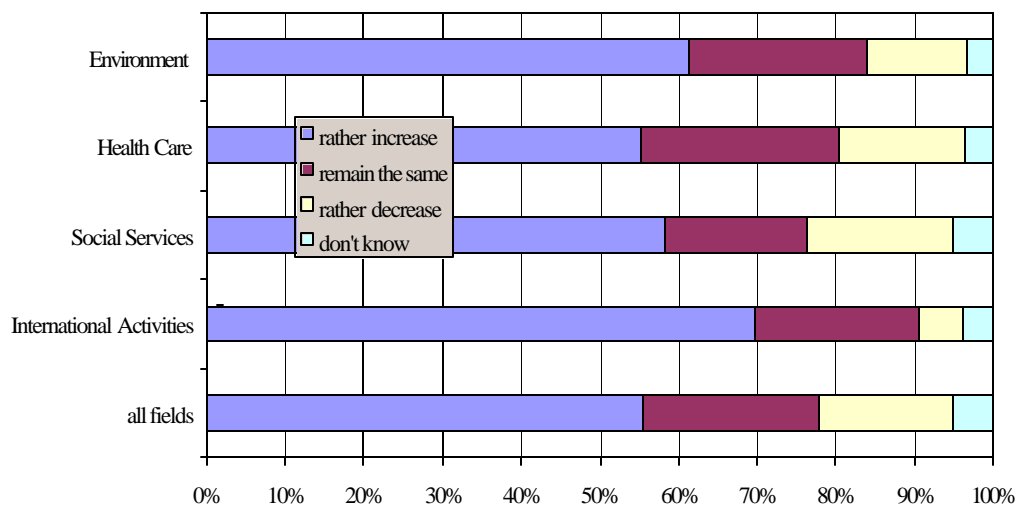
Drawing on the results of the organizational survey, the following chapter addresses the topic of self-esteem and identity, thus trying to answer the following questions:

- How do nonprofit organizations perceive their functions and specific roles within modern societies against the background of turbulent environments?
- What do they consider to be their specific strengths? On the contrary, what do they regard as their typical weak points?
- How do nonprofit organizations perceive themselves in comparison with the business sector?
- And finally, what borderline is drawn by nonprofit organizations between the sector and the state?

4.1 Societal importance of the sector

Having been asked how the future will look like for nonprofit organizations, more than 50 % of the interviewed organizations replied that the importance of nonprofits would increase significantly. Particularly organizations active in the fields of international activities and environment take a very optimistic view with respect to their future and societal importance. Almost 90 % of the nonprofits in international activities and more than 84 % of NPOs in environment expect an unchanged or increasing importance of nonprofits in society. Compared, nonprofit organizations active in the areas of social services and health show a lower, however still remarkably high degree of optimism (see Fig. 1).

Figure 1: The societal importance of nonprofit organizations will...



Database: WWU Muenster/WZB – organization survey 1998 (n=2,240)

The reason for the positive evaluation of their role in the future development of society infers from a look at the self-assessment of these organizations. The questionnaire refers to a range of qualities that, according to scholarly literature, are positively linked to nonprofit organizations. Among those are the ability to recognize and approach problems, the function to provide a sense of community, to give a voice to minorities as well as to promote social and political change in the country. The organizations highly identify themselves with these positive characteristics and features:

90 % of the organizations that took part in the survey agreed to the statement *“many social and political achievements would not exist without nonprofit organizations – we promote societal progress in this country”*. Only three percent of the interviewees disagreed, while seven percent did not answer this question. Organizations active in international activities supported this statement almost unanimously (96%). However, also organizations active in the areas of environment, social services and health expressed their support (90%) for this judgment. Third sector organizations perceive themselves as protagonists in a battle for tolerance, justice and pluralism: overall, 83 % agreed to the statement *“Nonprofit organizations are a guarantee for a pluralistic society. We also represent minorities and people thinking differently”*. The rate of agreement varied between 98 % expressed by organizations that are active in development and human rights, and approximately 87 % expressed by social service organizations. With respect to self-assessment, nonprofits consider themselves as promoters of societal development perceiving themselves as being primarily oriented towards people's needs. A vast majority of the organizations (84 %) also agreed to the statement that nonprofit organizations are at the frontiers of recognizing new societal problems. Again, organizations active in international activities showed high degrees of approval (more than 90 %).

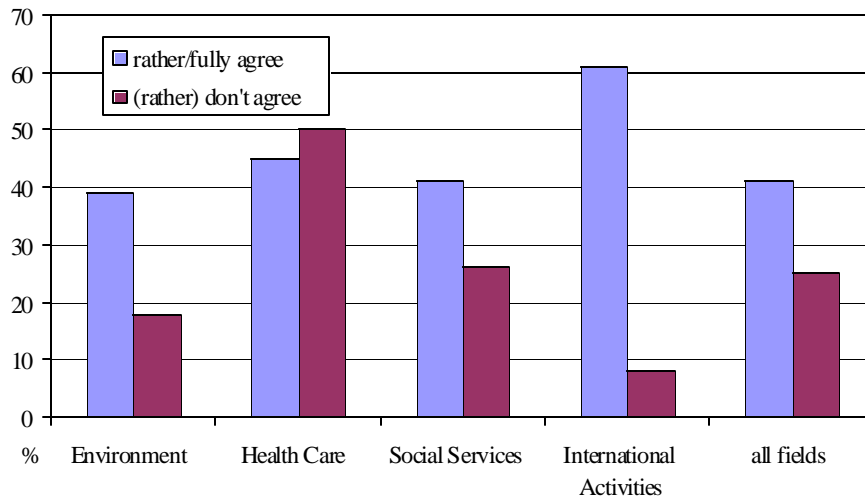
Overall, third sector organizations consider themselves to be at the frontiers of future developments. They identify themselves with the role of a social corrective and the function of being the driving force of society. In retrospect, they support the assessment that they have successfully contributed to the development of a pluralistic and tolerant society. Against this background, they are sure that also in future they will actively approach societal problems. Concerning the self-assessment of their importance for society, we could hardly find any differences between organizations active in the fields of social services and health on the one side and those being active in international activities on the other.

4.2 How do nonprofits perceive themselves with respect to for-profits and the market?

With regard to private enterprises, nonprofit organizations draw a dividing line by referring to social responsibility, cost advantages, accessibility, membership- and client-orientation. 74 % of the interviewees fully or predominantly agreed to the statement: *“Services of nonprofit organizations are open for everyone and of high quality, yet in contrast to services from public or commercial suppliers, they are low-priced”*. Only 13% of the nonprofits that took part in the inquiry disagreed. 84% of the nonprofit organizations believe that they are acting in accordance with the statement *“Nonprofits are need-oriented rather than money-oriented like commercial suppliers”*. 85 % believe that they *“constantly look for new ways to satisfy customers/members”* whereas only 6 % disagreed with this statement.

In judging their social competence and responsibility, the organizations did not show significant differences whereas the organizations assessed their capacity to innovate quite differently (see Fig. 2). While 41% of the interviewees supported the statement that nonprofits are more innovative than for-profits, more than 25% were very skeptical with respect to their capacities to innovate. However, organizations active in international activities believe that they are more innovative than commercial enterprises. In contrast, compared to the commercial sector, organizations active in health are very skeptical with respect to their innovative capacities. Here, every other organization does not consider itself to be more innovative than for-profits. Organizations active in social services tend to be more self-confident (see Fig. 2).

Figure 2: "With respect to our field of activity we are indeed more innovative than for-profits"



Database: WWU Muenster/WZB – organization survey 1998 (n = 2,240)

Compared to for-profit organizations active in the respective fields of activity, the nonprofits interviewed conceded deficiencies particularly with respect to innovation. The same holds true concerning the management and operational procedures. Thus, nonprofits agreed to a certain extent to the famous hypothesis that NPOs are laggards with respect to efficiency and effectiveness. About 25% supported the statement that, compared to private enterprises, nonprofit organizations work amateurishly. Particularly small organizations active in the field of environment agreed to this statement. However, also big organizations being active in the highly professionalized field of health (especially hospitals) strongly agreed to this statement (see Priller/Zimmer 2000: 310).

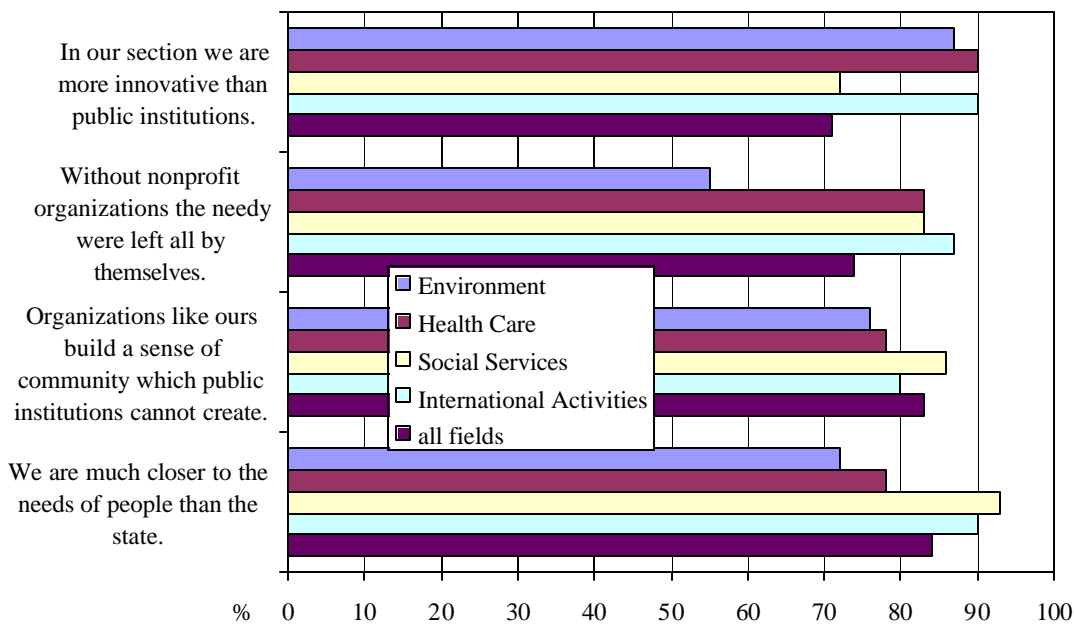
Simultaneously, 28% of the organizations consider their capability to follow their goals as endangered by increasing commercialization and competition. More than a third of the organizations observe a growing similarity to private enterprises. This holds true for even 80 % of the interviewees that are active in the field of health. 43% of the organizations active in the field of social services also support this opinion. On the contrary, organizations active in the areas of environment and international activities do not unanimously agree to this judgment. Only every fourth or every fifth organization respectively think that its management structure is increasingly heading for a for-profit-like set-up.

While nonprofits have a clear idea concerning their role within society, thus expressing a strong identity, their position towards the market is more ambivalent. By in large, they consider themselves to be socially correct, low-cost and need-oriented. Yet, with regard to innovative capacities and efficient management procedures, many organizations, except for those which are active in the area of international activities, perceive themselves as not being on an equal footing with for-profit organizations. It seems that expressing a self-confident point of view with respect to for-profit organizations is becoming even more problematic due to increasing competition and financial constrains. Commercialization is perceived as a force, endangering nonprofit identity.

4.3 How do nonprofits perceive themselves with respect to the state?

In contrast to the market, a positioning towards the state seems to be a lot easier at first sight. The state serves as a negative delimitation measure (see Fig. 3).

Fig. 3: Nonprofit organizations in comparison to the state



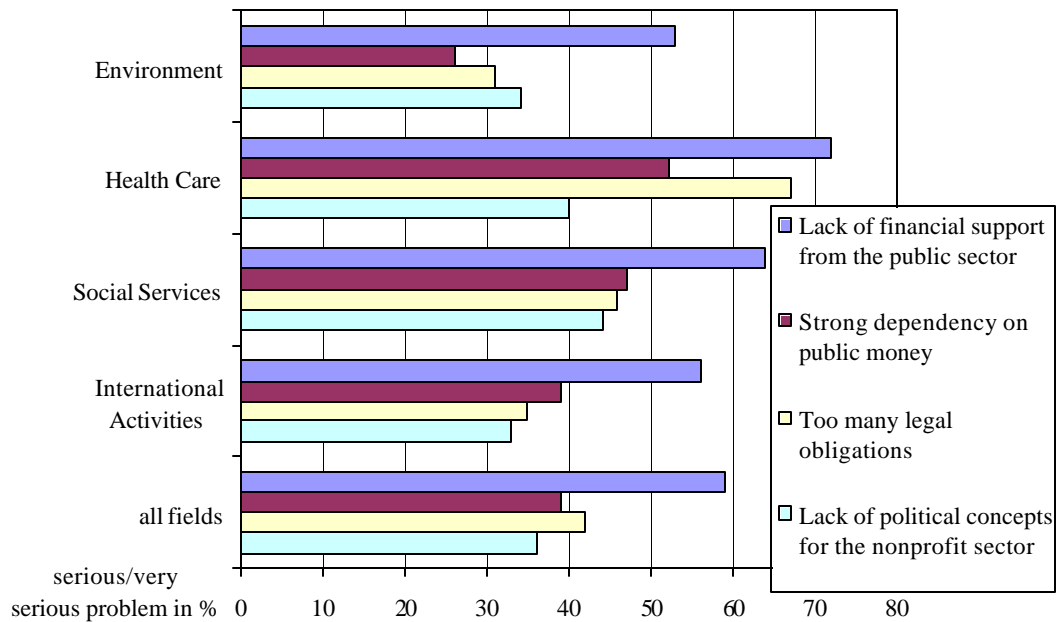
Database: WWU Muenster/WZB – organization survey 1998 (n = 2,240)

With regard to their innovative and integrative abilities, the organizations cut a clear line to the state. They broadly agreed to statements that - compared to the state - attributed a higher efficiency to nonprofit organizations. Only a few did not agree to this altogether quite self-

confident and positive self-assessment. Overall, the assessment “*we are more innovative than public institutions in our section*” held high rates of approval, while the section social services shows slight differences: about 90 % of the fields health care, environment protection and international activities regard themselves to be more innovative, whereas only 70 % of the entire sector and of the social section believe so. The rest hardly ever showed disagreement but rather preferred the option “no answer possible”.

Social competence and the significance of the organizations for society also play an important role in the organizations’ positioning towards the state. A particular high rate of approval – about 80 % in each section – found the statements that the own organization is much more capable of responding to the needs of people than the state is and that third sector organizations build a sense of community among people, which the state fails to generate. On an average of approximately 75 %, the organizations agreed to the idea that “*the needy were left all by themselves without nonprofit organizations*”. With concern to the particular sectors, this assessment somewhat differs: the social services show especially high rates of agreement, which is evident due to the specific structure and aim setting of this field. In contrast, among the environment organizations, agreement was below average: their self-assessment is less oriented to precise social problems than to society's general problem of environment protection. On the other hand, we could hardly observe clear dissenting votes (5 %) either. Thus, the counter-conclusion that many of the organizations interviewed believe the state to be more capable of creating a sense of community and to be closer to the people does not apply either.

However, the clear cut separation from the state and the self-confidence towards the state are not at all based on a position of strength. In fact, the relationship between the organizations and the state is currently characterized by major problems. From the organizations’ point of view, the state primarily causes problems. The question about their current difficulties resulted in the observation that the highest rates of approval were attained by those problems that are straightly connected to activities of the state: apart from “lack of donations” (42 %) and “problems acquiring voluntary workers” (38 %), (see Fig. 4), all of the six problems that from a choice of 31 were most often considered to be serious are directly related to the state.

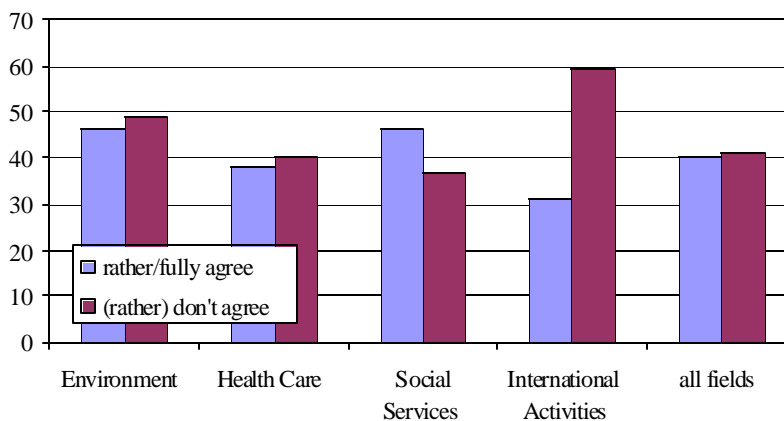
Figure 4: Perception of problems according to sections

Database: WWU Muenster/WZB – organization survey 1998 (n = 2,240)

Insufficient and/or decreasing support from the public sector combined with an undue dependency on public financing are among the most serious problems that the organizations have to face at present. According to their own assessment, organizations in the field of health care have to suffer mostly from budget cuts and the crisis of the welfare state. Here, 72 % saw themselves heavily or very heavily involved with the problem. This appeared also to 64 % of the social services. However, even in the fields of environment protection and international activities, every second organization stated to be very much or much affected by the problem of insufficient and/or decreasing public financing. Still, those organizations consider the problem of dependency on public financing to be less serious than the health care and social services institutions. In the latter fields, which are closely connected to the welfare state and strongly marked by the principle of subsidiarity, every other organization named the undue reliance on public financing as a core problem. On the contrary, this only applies for every fourth organization in the area of nature and environment protection, where institutions mainly rely on membership (fees).

Other serious problems are the great amount of legal and bureaucratic obstacles as well as the lack of political concepts for the nonprofit sector. Organizations from the health care section feel especially affected by legal and bureaucratic obstacles (67 %). Yet, almost every other organization in the social services field and approximately every third institution in the fields of environment protection and international activities consider legal and bureaucratic obstacles as serious problems as well. Eventually, the lack of political concepts for the sector is regarded as an important problem. 44 % of the organizations from the fields social services and environment protection as well as 40 % of the institutions from health care felt affected by this problem. About every third organization from the fields of international activities and environment protection agreed. The perception of the problems suggests the best strategy to be an open lobbying towards the state. However, especially with regard to their own possibilities to influence politics, the organizations consider themselves as rather weak (see Fig. 5).

Figure 5: “The political influence of organizations like ours decreases”



Database: WWU Muenster/WZB – organization survey 1998 (n = 2,240)

All in all, 40 % of the organizations believe that their political influence is decreasing. In the social services field, this applies even to almost every second organization. Only those working in the field of international activities estimate their possibilities to influence politics rather optimistically. Here, a broad majority of organizations believe that they still have a political influence.

It was interesting to see that the assessment of the possibilities for political influence hardly affected the strategy development of the organizations. Organizations from the health care sector and social services field primarily fall back on the rather classical strategies when being asked for the steps they would take in a situation of financial need: contact with the appropriate political platform as well as informing the umbrella organization. The preferred strategy of environment organizations was the acquisition of new members, whereas international organizations favor donation campaigns.

Compared to their self-assessment towards the market, the positioning of the organizations towards the state is even more marked by ambiguity. On the one hand, the organizations consider themselves as highly superior to the public sector. From their point of view, they are more innovative and closer to the citizens than public institutions. They especially underline their ability to focus on the needs of people and to create a sense of community. In their perception, it is the third sector and not the state that is the guarantee for social cohesion. The state is seen as the primary source of problems, especially by those organizations working in the fields of health care and social services. The state is made responsible for increasing legal obstacles and bureaucratization. Moreover, from their point of view, the state simultaneously provides insufficient financial means and is marked by lack of conception.

5. Conclusion: The third sector in an identity- and strategy-trap?

Looking at the results of the survey, what can be concluded about the self-assessment of the organizations? Obviously, the organizations do not have a problem with their role and function in society. They all agree on being hopes for the future development of society, the social conscience and the corrective of negative development resulting from state or market actions. The image of the sector found in the media and the specified literature is rather differentiated. They view the organizations from the sections environment protection and international activities in a rather positive way whereas the fields of social services and welfare membership organizations are connected to a quite negative image closely bound to dilettantism and scandalism. In their self-assessment, the organizations do not entirely share this perception. We could observe slight differences in self-perception among the organizations; however, these

differences are not so significant that it would be impossible to come to a common conclusion about their positioning towards the competing sectors and their strategy development.

The organizations delimitate themselves from the market by their non-profit orientation, which they consider as a clear advantage over commercial suppliers. Health care and social service organizations particularly point out that everybody has access to the institutions and the low prices of the offers as well as the consumer orientation of their services. Organizations from the field of international activities as well as environment protection do not so much point to these social aspects, comparing themselves with the market. With regard to efficiency and innovation, their own positioning towards the market becomes rather problematic. Many organizations face the dilemma how to combine normative orientation and social conscience with the capacity for innovation and economic efficiency. From the organizations' point of view, the increasing economic pressure and competitiveness lead to a growing incapacity to pursue their actual goals. In the end, this leads to a loss of their own identity.

Their delimitation from the state appears to be even more difficult. On the one hand, the organizations more or less look down on the public sector and consider themselves as much more innovative and closer to the people. At the other hand, however, they very much depend on public funds. A particular critical perception of the state dominates among organizations working in the field of health care since they are strongly affected by the liberalization of the subsidiarity principle and thus have to compete more with the commercial rivals. In a diluted way this also applies for organizations from the social service section. The large organizations, which mostly work with full time employees, are particularly critical here. At the same time, it is also them that find themselves in a "strategy trap" with regard to their capacity to improve the situation. Although they believe they hardly have any political influence, they still fall back on the classical ways of lobbying in the third sector, i.e. on contacting the umbrella organization as well as political instances if they have the urgent need to acquire financial means.

It might be possible that such strategy lethargy contributes to the wide-spread negative image that health care and social service organizations have in public. It seems as if organizations from the third sector, especially the two economically dominant sections health care and in some ways the social services as well, have not yet adapted to the changed conditions in politics and society. It appears that the organizations are still too much tied to the specific German interpretation of

the subsidiarity principle, which means the overall responsibility and promotion obligation for the state simultaneously combined with the guarantee for autonomy and existence of the organizations (Sachße 1995: 133). With regard to strategic orientation, it seems as if the organizations from the sections environment protection and international activities have left the “long shadow of the state”. They show a greater capacity to handle the altered allocation of public means and to find other financial sources.

What can be the conclusions drawn from these first findings to identity conception and positioning of third sector organizations towards state and market? There are signs that the organizations still need to catch up with debating their own positioning and identity in a vastly changing environment, which is roughly sketched by words like “globalization”, “individualism” and “pluralization”. It is not only that the state has changed and set up new, competition-based control systems. At the same time, the binding power of major organizations of society like the churches and the trade unions has lost much of its importance and thus society’s level of self-organization has decreased as well. Therefore, neo-corporate arrangements with their tight connection between politics, administration and society are just contingently possible. Third sector organizations still have to delimitate themselves from the changed environment and define a new self-identity. This includes a strategy how to manage the organization normatively oriented and at the same time according to market rules. Moreover, they will have to develop their own future-oriented policy, which does not only mourn the lack of concept in politics but rather meets this deficiency with clear positions.

6. References

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