



**Institute for Policy Studies
Center for Civil Society Studies**

**The Johns Hopkins Comparative
Nonprofit Sector Project**

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**DEFINING THE NONPROFIT
SECTOR:**

Denmark

by

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and
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**WORKING PAPERS
OF
THE JOHNS HOPKINS
COMPARATIVE NONPROFIT SECTOR PROJECT**

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2005



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Institute for Policy Studies
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Suggested form of citation

Bjarne Ibsen and Ulla Habermann. "Defining the Nonprofit Sector: Denmark." *Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project*, No. 44. Baltimore: The Johns Hopkins Center for Civil Society Studies, 2005.

ISBN 1-886333-60-2

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This publication is available for download at www.jhu.edu.

Defining the nonprofit sector: Denmark

Bjarne Ibsen and Ulla Habermann

1. Introduction

The aim of this paper is to define the voluntary (nonprofit) sector as a whole and, further, to delimit the different types of organizations included in the sector. It also gives a short review of the history and social context within which these organizations have developed.

In Denmark, the concept of the “voluntary sector” has finally found a place in political rhetoric. In public administration and research (especially social sciences), the idea of the voluntary sector is now commonly used to describe those activities which cannot be attributed to the public sector, the market or the family. There is no unambiguous understanding of the components of the voluntary sector, however, and in the many different “branches” of the sector there can seldom be found the same unique consciousness of “belonging” to a particular sector that is found within the public or market sectors.

The idea of the voluntary sector rather seems to be a new construction, created to give an overall and unifying explanation, or “junction box,” for different types of organizations which are traditionally well known in Denmark but not usually reduced to a common denominator.

Following a brief analysis of the historical conditions of the voluntary sector, this paper makes an attempt to define the voluntary sector in Denmark according to the criteria of the Johns Hopkins Comparative Nonprofit Sector Project (this survey constitutes the Danish part of that project). We then characterize the three main types of organizations in the voluntary sector: the associations, the private (self-governing) nonprofit institutions, and the charitable foundations. Finally, we consider the types of organizations not covered by our definition and therefore not included in this survey. These organizations are in a kind of “grey zone” and a discussion is needed to explain why they are not included. The organizations referred to here are the free schools, different kinds of co-operatives, the Church of Denmark, unemployment funds, building societies, housing associations, the Home Guard, lodges and self-help groups.

2. Historical background

In order to understand the development of the voluntary sector in Denmark, you have to look at three factors: the adoption of a democratic constitution; the emergence of the popular movements; and the formation of the welfare state. These three factors are intimately connected, of course, but in outline their significance for the voluntary sector can be summarized in this way: the democratic constitution is the foundation itself, the popular movements give life and content, and the welfare state defines a division of labor.

The foundation: the democratic constitution

When the absolute monarch gave in to pressure from the people and the new constitution was adopted in 1849, the Danish Constitutional Act made it possible for a civil society to flower. Now, citizens could freely join organizations, unions and associations. Although there had been various forms of organizations which could be described as forerunners of today's

voluntary associations since the early Middle Ages (guild system, foundations, funds, and not in particular the Church), it was not until the transition was made from traditional to modern society (e.g. with agrarian reforms, industrialization and the dissolution of the absolute monarchy) that a proper “voluntary sector” began to emerge, with the communal system of agriculture, the break-up of the guild system, and the formation of new social classes (Klaudi Klausen, 1995). At the same time, as the traditions of the groups that flourished in feudal society faded and became obsolete, the need for new communities and interest groups arose (Klausen 1995, Ibsen 1992). New communities gradually replaced the traditional networks, bonds and safety nets, and it became possible to distinguish between the public and private sectors. The differentiation between public, market-economic and voluntary (non-commercial) sectors now provided citizens with an organizational framework for voluntary work: they were able *to form associations for any lawful purpose* without the approval of the monarch (The Danish Constitutional Act Section 78). In this sense, the history of the voluntary sector in Denmark is primarily the history of the associations. The concept of joining together was nothing new but the association was a new way of doing it. The seed of “association Denmark” as we know it today was planted in the late 1700s, however, when a number of unions – societies and clubs – were formed to perform various (often social) tasks. The 1849 Constitution guaranteed citizens rights and associations were formed in almost every sphere of society: political party associations, interest organizations (such as landlords’ associations, artisans’ associations, smallholders’ association), trade unions, economic associations (savings banks, health insurance societies, co-operatives), philanthropic associations, sports associations, religious associations, etc.

Not all of the work done by the Catholic Church until the Reformation in 1536 was taken over by the state/monarch, and it became common for funds and foundations to undertake educational and social tasks. In about 1780 there were approximately 2,500 funds, 50 of which pre-dated the Reformation (Kauffmann 1973). They enjoyed another boom in the second half of the 19th century when industrialisation caused fundamental social change, including mass migration from the land to the cities, and social problems threatened to get out of control. Something had to be done to boost morale and national self-esteem after the defeat by Germany in 1864 and to alleviate the misery of urban poverty.

Content, life and values: the popular movements and philanthropy

It was at that time, in the late 19th century, that the mass popular movements arose, e.g. the farmers’ movement, the labor movement, the mission movement (the religious revivals of the Grundtvigian movement and Evangelical movement/Home Mission), the temperance movement and the popular sports movement (Klausen and Selle, 1996). They represented an attempt to solve the problems that emanated from the new social order and the new social barriers between landowners and smallholders, workers and factory owners, servants and middle classes. The values and traditions that still characterize the associations as regards content derive from that period and those conditions. As far as the development of Scandinavian welfare states is concerned, the popular movements had enormous political significance as democratic partners and opponents. In addition, the movements have endowed the Danish (and Scandinavian) voluntary sector with unique features. One of these is the high level of membership rates. To this day, the average number of association memberships *per capita* is very high. Another is the relatively large amount of voluntary work done in associations and organizations, which have a low proportion of paid/employed staff compared to other European countries. Another feature is that the core areas in the Scandinavian

voluntary sector are concentrated on culture, sports and leisure time and far less than other Western countries on social, health and education issues. Of course, this reflects the welfare-state context in which the organizations exist (Wollebæk and Selle, 2000; Svedberg & Jeppson Grasman, 2001; Goul Andersen, Torpe & Andersen, 2000).

There is no doubt that the high level of membership level is largely due to sports associations and trade unions both of which started to organise as voluntary associations in the mid-19th century. The labor movement set up sick benefit associations, burial funds, strike funds and saving banks, and the co-operative movement founded co-operatives – all based on individual membership and the pursuit of members' interests. Popular sports were part of "popular education" (or "popular enlightenment")¹ and also organized by associations. Admittedly, the first national organization, the Danish Rifle Association, was established in 1861 to strengthen the defense of the nation, but because of historical events after 1864, gymnastics became the rallying ground for the youth of the country. Sports gained a foothold in the cities and the Danish Sports Federation was set up in 1896. A substantial proportion of the voluntary sector still consists of organized sports and about one-third of the Danish population are members of a sports club.

Philanthropy (like the early women's movement) is not normally categorized as a popular movement and has until recently been somewhat invisible in the sense that it has gone relatively unnoticed in research, political analysis and legislation. The reason for this may be that the welfare state project, which started in the early 1900s, played such an essential role in Danish self-image that other elements (especially in the social sphere) have been neglected. Only in recent years have a number of socio-political and historical studies put philanthropy back on the map (e.g. Klaudi Klausen, 1995; Lützen, 1997; Vammen & Jordansson, 1998; Habermann and Ibsen 1997, Bundesen, Skov Henriksen and Jørgensen 2001, Habermann, 2001; Villadsen, 2004). In this context, a distinction can be made between charities and self-organizing groups. Charities saw their main task as being to support the poor and needy financially and to provide for their moral education. Self-organizing groups dealt with arrangements for special groups (such as children or the disabled), established insurance-like schemes or supply associations, or built homes. In addition to this there was also political philanthropy, which was reflected in socio-political work, and scientific philanthropy, which promoted scientific methods and professional social work.

Division of labor: the welfare state

In relation to the development of the welfare state, the history of the voluntary sector can be divided into different periods. Which periods are chosen, how many of them are chosen and the cut-off points all depend on the view taken of history, new knowledge and priorities. This report is divided up into the following periods: up to 1930; 1930-1980 and 1980 and beyond.

Up to 1930 - liberalism, parallel efforts and the beginning of cooperation

After the adoption of the Constitution, we find voluntary organizations seriously taking shape and flourishing. This period has been called the time of ethics, social involvement and self-

¹ The philosophy of 'popular education' is that people meet each other on a voluntary basis (in a 'study association', other kind of voluntary association or in a folk high school) to learn more together, to strengthen their opportunities for influencing their own situation in life and oftentimes to influence and change social conditions.

image (Lorentzen, 1996; Klaudi Klausen, 1995). The period is also, to a great extent, characterized by church/religious movements and the advance of the labor and farmers' movements. Institutionalization also took place in the form of the enlargement and consolidation of the position held by organizations and associations in Danish society – this applies to interest organizations as well as political parties, which slowly obtained the power they want. Both the middle class and the working class advocated their positions and interests strongly. It was also during this period that women became more visible in the public arena. The women's movement took various forms, however. In the labor movement, women worked with men against the class society, whereas bourgeois women concentrated more on the struggle for women's rights. Associations and organizations were established as a means of denoting interests and in opposition to the establishment, but in spite of this there were no great discrepancies between the State and the voluntary sector during this period, and parts of the sector (especially in the socio-political field) attracted much political attention and received public subsidies at an early stage. The associations were seen as tools to perform different tasks and tackle social problems (Klaudi Klausen, 1995; Habermann & Ibsen, 1997). A distinction should be made between: a) mutual self-help organizations (insurance associations etc.); b) philanthropic organizations (Copenhagen Aid Association, Red Cross etc.); and c) membership based organizations, including interest organizations (Bundesen, Skov Henriksen & Jørgensen, 2001). These types of organizations developed gradually, and were involved in various forms of cooperation with the public authorities.

1930-1980 - extensive cooperation, social rights thinking and universalism

The inter-war years were in many ways a golden age for voluntary organizations. They grew in number and in membership. The commitment of the members and their voluntary efforts were decisive for the success of the organizations, and membership created a sense of community and solidarity. During this period, many small interest organizations were established, each fighting for the rights of their members. At the same time, the scene was set for even closer cooperation with the public authorities, but in several fields the State gradually took over more and more responsibilities. The Social Reform of 1933 was a turning point in the way cooperation was thought about. K.K. Steincke, Minister of Social Affairs, stressed that the reform presupposed that *“the major relief institutions are under the province of the State or the local authorities, quite simply because they have been conferred with tasks pertaining to public law, which an orderly society, where it comprises needy, poor fellow countrymen, for practical reasons quite simply cannot leave to the private initiative.”*² But he also presupposed a close cooperation with the philanthropic organizations.² The chairman of the Federation of Parish Charities, Alfred Th. Jørgensen, felt called upon to urge for reflection because many voluntary organizations felt their existence was threatened. He thought that a large number of tasks should still be handled within the framework of voluntary organizations.

The period after the Second World War signifies another turning point in thinking about the welfare state. While the British welfare state model left room for and includes the voluntary sector – also in social and health matters – this did not happen in Denmark and the other Scandinavian countries (Lorentzen, 1992). Slowly but surely, the State assumed responsibility for more and more social and health matters – often under political pressure from voluntary interest organizations, which have accepted the welfare state's way of thinking that solidarity

² Lecture held on 15th January 1934 for the Church Philanthropic Federation

solves problems. The culmination of this welfare state thinking and the ideal that the State should take on the responsibility for the prosperity and security of its citizens in the Danish Local Government Reform in the 1970s and in social reform, with the 1976 Danish Social Assistance Act making voluntary organizations practically invisible.

Until the 1950s, Denmark was characterized by the class-based organization and the organizations themselves reflected this to a great extent. Organizations with traditional democratic association structures had a real substance and were important for self-help within the social classes (Gundelach, 1996).

During the 1950s, the idea of equal benefit for all (universalism) grew, the welfare state became increasingly important and the voluntary organizations (especially in the social sphere) were disregarded as a means of solving problems. Now, they functioned primarily as interest organizations and saw themselves of “pioneers,” “new thinkers” and “alternatives.” Church circles, which traditionally dealt with social work, were ambivalent about this development. On one hand, they were happy that their humanistic views had been accepted on a political level. On the other, they were worried about the loss the Church risked by giving up its welfare work roles and they were worried that individual Christians might feel tempted to ignore their personal responsibility (Westergård Madsen, 1956). In the fields of culture and sports, too, the period was characterized by increasing public regulation in the form of legislation, but it was still mainly voluntary initiatives that exerted influence here and further attempts at greater public control were resisted.

A special form of cooperation became common in this period, i.e. operation agreements between local authorities and what are known as self-governing institutions. The 1933 Social Reform enabled and recommended such cooperation, partly because the local authorities at the time did not have the capacity to do all the work for which they had legal responsibility. The self-governing institutions survived (despite their stormy history) as institutions throughout the 20th century and the 1966 Danish Social Assistance Act again proposed them as partners with whom cooperation was recommended.

Throughout this whole period, public-sector support gradually grew – and in some fields, so did public control. This meant closer cooperation and, in specific cases, led to conflicts. All in all, however, cooperation with the State was cemented and regulated, and more and more areas became subject to legal regulation.

1980 and beyond – new liberalism and civil society

During this period, the number of voluntary associations and organizations, self-governing institutions and public utility funds increased massively. The increase may have been a result of the fact that the welfare state developed to such a degree that it assumed responsibility for almost everything and needed some opposition from civil society. Concurrently with the change of government in the early 1980s, this also meant that political interest in the area increased, and ideological and financial doubts began to arise about whether the welfare state was able to take care of everything. At one stroke, the voluntary sector was endowed with greater ideological legitimacy and therefore greater public-sector support but also greater public-sector scrutiny and control. More legislation was passed, e.g. in 1984, after some discussion, a whole body of legislation was passed regarding funds, which now had to be registered and divided up into public utility and commercial funds. Various forums of

cooperation, as well as experimental and development programs, were established to support cooperation between the public and voluntary sectors. In the late 1990s, this resulted in social legislation (the Danish Social Service Act, 1998), under which local authorities were instructed to cooperate with voluntary organizations. In many cases, this resulted in an “instrumentalization” of the associations, which became more and more involved in the production of welfare and were expected to fill the role of trustworthy partner (Gundelach, 1996). In short, however, it has to be said that 100 years after their first boom and after being forgotten for a couple of decades (1960-1980), voluntary organizations have re-assumed their role as important players in the Danish welfare society.

Great hopes and expectations have been placed on the voluntary sector in the name of civil society, and they can be difficult to fulfill. The voluntary sector personifies personal freedom, social community and the fight for human rights, is the fertile soil for self-help, empowerment and integration, and functions as a school for democracy. At the same time, it is expected to assume responsibility for work that the State cannot handle, but after many years of its role diminishing, the voluntary sector does not have the capacity to meet all these demands without bringing in professional expertise. This professionalization and bureaucratization of the voluntary sector brings with it the risk of the voluntary element declining.

Besides this, a trend has emerged in social policy - as part of neo-liberal thought and the worship of civil society and its organizations - towards a revival of the philanthropic values of help to self-help, and the moral responsibility of the individual. Such a return to the values of philanthropy has resulted in massive critique of the insurance principle, universalism and the belief in prevention, which characterized the building of the welfare state (Villadsen 2004; Habermann, 2001).

The revival of philanthropic ideas and the virtues of civil society has resulted in a current discussion about the role of women in civil society and voluntary efforts. Traditionally, women were perceived as the “best carers,” so philanthropy was a field in which they were able, relatively freely, to thrive in public life, and it is still the case that the women often take responsibility for care. This has led women’s research to consider women’s participation in civil society and in voluntary work as a kind of “woman trap” in the form of demands for (even more) care (Habermann 2004).

Another current discussion is the autonomy of the voluntary organizations. The more they are used as instruments to do work for the State, and the more often they are “tempted” by State grants, the more often the voluntary organizations’ view of themselves as independent advocates and innovative players is thrown in to doubt. There seems to be an ever greater discrepancy between the expectations of the voluntary sector and its capacity and motivation to be turned into a public-sector entrepreneur. This is the future challenge facing the voluntary sector.

3. The State and the voluntary sector

The way in which the Danish (and Nordic) welfare states were built up, which was without doubt the big project of the 20th century, has given rise to a lot of myths: about the “infinite” ability of the state to solve problems; about the rationality of the art of social engineering;

about responsibility and rights; about equality; about social solidarity. This great ideological project has also created a form of welfare identity, which for decades has had a tendency to obscure the fact that cooperation between the state and the voluntary sector was relatively close throughout the 20th century. The state has played the main role to such an extent that the bit-part players have been forgotten. However – as already mentioned in the historical account above – the voluntary sector has developed in parallel and apace with the rest of society and is, in addition, still engaged in dialogue with the welfare state. Roughly speaking, involvement has progressed from charity and education, to promoting particular interests, to participation in civil society. The process has not been without its battles, however, and the voluntary organizations have sometimes had difficulty identifying their roles. Myths have also arisen about “the volunteers’” alternative efforts; their critical role as society's watchdog; their innovative potential; their commitment and humanity, etc.

Cooperation and partnerships

The deep historical roots of the interaction between the voluntary and public sectors mean, of course, that different traditions have developed in different spheres and different more or less formal sets of rules for cooperation now exist. To avoid making the analysis far too generalized, two areas have been selected in which practice will be looked at: the social sphere and leisure/culture. They have been chosen because they have in many ways had very different relationships with the state.

The 1980s witnessed an ideological “rediscovery” of voluntary social work, after decades of neglect. The Ministry of Social Affairs set up a formal joint committee (Liaison Committee for Voluntary Social Work). Public-sector spending grew in the form of larger and larger project and pool funding, experimental projects were launched and voluntary and private players were invited to become involved in social work in recognition of the fact that the public sector cannot do everything on its own. This process culminated in the passing of the Social Service Act (1998), section 115 of which states that local and county authorities must cooperate with voluntary organizations. The objectives were to improve interaction between voluntary social work and local and county authority social provision, to improve conditions for voluntary social work and to make the voluntary efforts more visible in local communities. At first, the voluntary social organizations and associations felt flattered by the attention and relished the opportunities afforded by closer cooperation. On the other hand, closer attention also entails heavier demands and greater expectations, which the organizations either are not prepared to live up to, or which they are quite simply not geared to fulfill. After many years of having taken on (the important) minor part as critical watchdog, they now face a different level of responsibility as “equal” partners.

Culture and leisure enjoyed a similar increase in public-sector funding after 1980 – primarily through increased pools and lottery payments to national organizations. Major experimental programs were also launched, designed to stimulate new ideas and forms of cooperation³. At the same time, leisure activities fell more and more often under the auspices of the local authority (e.g. youth clubs and music schools). Conversely, a “de-municipalization” of “study associations” (provide exam-free education - lectures, study groups, etc. - for adults in their spare time – mainly in the evening) and the children’s and youth activities such as sports, scouts, etc. occurred. Under the 1990 Danish Act on Popular Education (= Leisure-time Act)

³ e.g. the 10-item programme and “the school as a local cultural center.”

these activities are almost exclusively eligible for funding if organized under voluntary auspices. It is characteristic of public-sector funding for cultural and leisure activities that relatively few, not very specific strings were attached and the sphere has enjoyed a tradition of wide-ranging autonomy. In recent years, there has, however, been a tendency towards more and more specific demands being placed on what public-sector funding can and cannot be used for. For example, it has been specified that sports organizations must earmark funds for the development of grassroots sport, and sport is to an increasing degree perceived as a means towards integration and social equality.

A comparison of social work with culture, sports and leisure activities reveals many common features in the development of the two fields. However, from the early 1930s, their interrelationships with the public sector started to develop differently, partly due to the expansion of the welfare state. The public sector gradually assumed responsibility for social work and relations between the two sectors were either distant or closely integrated. In a number of culture and leisure areas, the voluntary organizations retained the initiative and responsibility and, despite growing public-sector funding, associations and organizations managed to retain a great deal of autonomy and an independent identity.

This may partially explain why people involved in the two areas have such fundamentally different images of themselves. Those involved in voluntary social work have developed an identity which sees them as a supplement to the public sector, as the critical watchdog, the advocate of the weak and champion of the interests of particular groups. Despite the close relations between the voluntary social work sector and the public sector, it is a view which necessarily entails a certain degree of distance – in some cases even a sense of being an opposing power. These roles are difficult to harmonise with a partnership, and voluntary social work organizations are in the process of redefining their role. As far as social work is concerned, legislation about cooperation (apart from the option of reaching operational agreements) is quite a new phenomenon and can be seen as "interference" in the autonomy of the organization – even though the wording of the Act is quite general.

As far as leisure is concerned on the other hand, competition is not an issue - the voluntary organizations have (to a great extent) enjoyed a monopoly – or public-sector and the voluntary activity have enjoyed equal status (the fact that they have had to compete with commercial leisure and culture in recent years is a different story). This type of relationship between the voluntary and public sector offers a far more "peaceful" climate of cooperation – partly because the voluntary organizations perceive themselves as being the most important core players. The legislation is very specific and seen as protecting the voluntary efforts.

The table below provides a rough illustration of the differences between social work and culture/sports/leisure.

Similarities and differences between the voluntary social work sector and the voluntary culture and leisure sector.

	Social work	Culture/sports/leisure
Relationship to the public sector	Integration Dominated by the public sector	Autonomy Dominated by the voluntary sector
Sector's view of itself	“Supplement”	“Monopoly”
Legislation	General regulations (Section 115 of the Service Act) The local authority has a statutory duty to cooperate	Specific regulations in legislation (Danish Act on Popular Education) The council has a statutory duty to provide funding
Public-sector financing	Mainly operational funding and project funding	Primarily basic funding
Organizational objectives	Problem-based	Activity-based

(Habermann and Ibsen 1997)

4. Defining the voluntary nonprofit sector in Denmark

In the book *Defining the Nonprofit Sector – a Cross-national Analysis*, which is based on the first comparative study of the voluntary sector in a number of countries, the authors discuss various ways of defining voluntary organizations (Salamon & Anheier, 1997, Part I). First, you can try to define the sector on the basis of legislation. Second, it can be defined by its degree of dependence on public-sector funding. Third, it can be defined functionally, based on the tasks of the organizations. Fourth, it can be defined by its structural and operational characteristics.

The legal definition

Most countries have laws or regulations, which wholly or partly define what is meant by the term “voluntary organization.” In the USA, voluntary organizations (nonprofit organizations)

are defined as “incorporated entities that qualify for exemption from federal income tax.” According to this definition, voluntary organizations are defined by legislation or rules laid down by public authorities.

Denmark does not have legislation of that type but there are a number of laws and rules that combine to define voluntary organizations. First, they are entitled to tax benefits (e.g. tax exemption and exemption from VAT on income), or financial support for them is tax deductible, or volunteers are entitled to a small tax-free payment (up to a certain amount).

Secondly, a number of specific legislative demands are placed on the type of organization. It has to be democratic, self-governing, nonprofit, etc. For example: under the Danish Act on Popular Education local authority subsidies and/or premises can only be made available if the activities are organized by a voluntary association with appropriate statutes; the Danish Act on Private Schools stipulates the conditions for being approved as a private, free school and, therefore, being entitled to state grants; the Social Service Act places demands on self-governing institutions, etc.

The financial definition

Here is how voluntary organizations are defined according to the way they are financed. The UN System of National Accounts (SNA) distinguishes between five economic sectors:

- a) *Non-financial corporations*, i.e. organizations that produce articles for sale on the market at a price that covers the costs
- b) *Governments* which produce non-market-based goods and services that are subsidised by the public sector
- c) *Financial corporations*, i.e. the financial institutions
- d) *Households*, i.e. private households
- e) *Nonprofit sector*, i.e. organizations that derive the majority of their income from members, donations and other forms of subsidies and financial support. If the majority of the income comes from the sale of goods or services at prices that cover the cost of the production, the organization is classified as belonging to the commercial sector (regardless of the legal status of the organization). Similarly, if more than half of the income stems from the public sector, the organization is defined as public. The latter factor is also the criterion for the Danish Ministry of Finance defining an organization as “public” and making it subject to public control from, for instance, the Danish National Auditors.

In practice, this definition of voluntary organizations would make it difficult to delimit the sector. First, unless studied in detail, the finances of the majority of the organizations are unknown. Second, it is very difficult to estimate how large a share of the total income is made up of commercial income and public-sector funding because the value of any voluntary work has to be included. Third, it is almost impossible to estimate when the price of a service meets the costs of producing it.

The functional definition

Under the functional definition, voluntary organizations are defined according to their primary purpose or function (e.g. public welfare, the common weal, public-sector objectives and interests, etc.) Salamon & Anheier (1997) refer to definitions that delimit the sector to organizations which aim to support the freedom or empowerment of marginalized or

neglected groups, or which define the sector as being comprised of organizations based on “mutuality” or “solidarity” (and which therefore includes more specific group interests).

The structural, operational definition

However, Salamon & Anheier (1997) found that none of the above-mentioned definitions were both satisfactory and of practical use. Based on the analyses of the voluntary sector in the countries that participated in the first round of the international comparative project, Salamon & Anheier therefore concluded that the voluntary sector (nonprofit sector) can be defined by the following five characteristics:

First, the sector consists of *organizations* - i.e. the entity is an “institutionalized reality.” This may take the form of legal status, or of organizational permanency, with ongoing activities, formal objects, structures and procedures (e.g. written statutes), frequent meetings, an address or meeting place, as well as meaningful cut-off points from the activities of the rest of society. As a result, *ad hoc* groups and temporary unions and gatherings do not comply with this definition. In a Danish context, this report places the following requirements on the formal and institutional definition:

- The organization is delimited reasonably unambiguously (for instance, who are the members and in which activities does the organization engage)
- The organization has permanent objectives (i.e. temporary projects and activities as well as institutions set up for more exact, short-term, periods do not fit the bill)
- The organization has an explicit – formalized – structure, normally in the form of written statutes, but it could also be an informal structure according to traditions or a set of rules, etc.
- The organization has a clearly defined management that appears in statutes or rules, or in information material about the organization
- The organization has a name
- The organization is “public,” i.e. it is known by a (limited) public and is, in principle, open to people other than the existing members. It is possible to contact the organization with a request to become a member, but any organization can, of course, place requirements on a potential member and many organizations have to limit the number of members and are entitled to do so and still qualify under this definition.

Second, the organization is to be *private/non-governmental*, i.e. the organization is not part of or controlled by the public sector, and the organization is institutionally separate. This criterion does not, however, prevent the organization from taking on work on behalf of the public sector or deriving the majority of their finances from the public sector.

In a Danish context, an organization has to meet the following requirements in order to be defined as a part of the voluntary sector:

- The majority of board members are not local authority or government representatives, and no public representatives on the board have the right of veto in relation to important decisions (objectives, activities, statutes, structure, dissolution etc.)
- The organization is able to take a sovereign decision about whether the organization is to close down, change etc. However, under certain circumstances, it may in reality be the

local authority that decides whether an organization continues (self-governing institutions, for instance, have an operation agreement with the local authority. The fact that a local authority places requirements on how an organization runs its activities before providing funding for those activities does not stop an organization from being defined as voluntary.

- Institutions and organizations established by law or agreement are not voluntary organizations because the organization can be dissolved if the local council, the minister in charge or another political body so decides.

There are major differences in the degree and character of independence in relation to the public sector. Here we distinguish between four degrees of dependence/inclusion, where only organizations listed under a) below are not included in this report.

- a) The organization/institution is established by law as a self-governing/independent institution; the most important rules are laid down in the legislation; the majority of members of the board and/or the chairman is/are appointed by the minister or another political body; the organization is subject to common administrative rules (Danish Open Administration Act, National Auditors Act); and the organization can be dissolved by law. Examples of these organization types are the Technical University of Denmark, the Volunteer Centre in Denmark and Team Denmark (organization for elite sports).
- b) The organization/institution is established on a private, voluntary initiative (individuals or organizations), but presupposes in reality the approval of a public authority as per the legislation, i.e. permission has to be given to establish a new organization in that particular area of society in order to obtain public-sector funding (examples are public utility housing organizations, unemployment funds and some self-governing social institutions).
- c) The organization/institution is established on a private/voluntary basis on condition that it meets a number of specific legal requirements. The organization has a right to approval and public-sector funding if it lives up to those requirements. This applies to private/free primary schools, boarding schools for the youth, folk high schools and adult educational associations/evening classes.
- d) The organization/institution established on a private/voluntary basis is eligible for public-sector funding if it complies with a number of demands from the State or local authority as per the legislation. These demands are quite minimal and imprecise. For instance, this applies to sports organizations, the Scouts and other leisure and culture associations that receive funds under the Danish Act on Popular Education.

Third, the organization is to work *not-for profit*, i.e. generating a profit, either directly or indirectly, is not a primary objective and the organization is not guided by commercial targets and considerations. Any form of accumulated surplus *must* be used for the objectives of the organization and not be distributed among the owners, members or board of directors.

In a Danish context, the following requirements must be fulfilled for the organization to be part of the voluntary sector:

- Any surplus or financial gain must not be distributed between owners or members (e.g. pay out of surplus to members of a co-operative society or financial gain by members of a co-operative housing association from the sale of a co-operative flat). Any surplus must always be ploughed back into the organization in order to promote the aim of the organization. Similarly, the assets of an organization must not be distributed among its member in the event of its dissolution.
- However, the organization is allowed to have commercial activities and it is allowed to include making money in its objectives provided the surplus goes to charitable purposes, to another nonprofit association (e.g. support associations). The organization may also have the aim of promoting the economic interests of its members (for instance, trade unions, trade organizations, house owners' associations, shareholders associations etc.)

Fourth, the organization is to be *self-governing*, i.e. be in charge of its own affairs and not controlled by other organizations.

This part of the definition is similar to point 2, but also includes the possible control over an association or institution by an establishment or a national organization. Even though no organization is totally independent of others, the organization must control its own management and operations. This does not, of course, prevent national organizations and other organizations from making demands on the organization, for example, but in principle it has decided for itself whether it wants to be member of a national organization, which activities it wants to be involved in, who the members of the board are to be, the nature of its statutes, etc. The self-governing principle, however, does not concern the way the organization was formed, the degree of public regulation of activities or dominant external sources of income.

In relation to this principle, many of the organizations and institutions studied in this report inhabit a grey area. For instance, this applies to self-governing institutions that must to a great extent follow certain rules for their operations that are defined by law or by local authorities. Also, in reality there are many local branches of national organizations that can be dissolved by the national organization.

Fifth, participation in the organization is *non-compulsory*, i.e. membership/participation and any financial contributions or work are voluntary, and that voluntary, unpaid work is also performed in the organization. This does not stop voluntary organizations undertaking tasks that make membership in them necessary in order to practise a profession; but as long as membership is not a condition for *citizenship* the organization is still considered voluntary. Organizations for which membership, participation and support is stipulated by legislation or determined by birth do not belong in the voluntary sector. In *Defining the Nonprofit Sector*, Salamon & Anheier say that the voluntary sector must comprise “some meaningful degree of voluntary participation, either in the actual conduct of the agency’s activities or in the management of its affairs...the presence of some voluntary input, even if only a voluntary board of directors, suffices to qualify an organization as in some sense ‘voluntary.’” (Salamon & Anheier, 1997: 34).

In a Danish context, the following requirements must be met for the organization to be part of the voluntary sector:

- Membership, participation or financial support is voluntary for the individual (or his/her guardian). The latter does not, however, apply to paying a fee if you voluntarily join an association or voluntarily choose a self-governing institution such as a day care centre. Not all associations live up to this requirement however. In some places of work you have to be a member of a certain trade union, and in many residential areas it is demanded that you are a member of the house owners' association or housing association. Nevertheless, as long as membership is not a condition for citizenship, the organization is still regarded as voluntary.
- At least half of the boards of directors are to be volunteers.
- There is some element of voluntary action in the organization or in the activities of the organization, or in the board. Any fully professionalized organization is outside the scope of the voluntary sector.

5. The most important organization forms in the voluntary sector in Denmark

In a Danish context, the definition of the voluntary sector includes three different forms of organization in particular, *the association*, *the self-governing institution* and *the public utility fund*, of which the last two fall under the same legislation. In addition, several forms of organization are found in the grey areas between the voluntary sector and the public sector or between the voluntary sector and the private-economic sector. This applies to co-operatives, for instance, which will be discussed later.

The association

An association is normally regarded as a union of people or other organizations or unions with a common aim or common interests, organized and managed by ordinary democratic rules and procedures. This type of organization emerged in the early 19th century and differed from pre-modern associations by being formalized (typically with written rules), by being defined as an interest community, by the membership being voluntary and, in principle, by being open to everybody, and by having a democratic decision-making structure (Balle-Petersen, 1976; Clemmensen, 1987). It is also these characteristics that sociological definitions of the organization form emphasize, albeit with greater weight on the special nature of the form of organization compared to private-economic undertakings and public institutions. Heinemann & Horck define associations through five characteristics: 1) voluntary membership, 2) democratic decision-making structure, 3) independent of public authorities, 4) voluntary and unpaid work and 5) duty to look after the interests of the membership. The latter means that, unlike public institutions and private undertakings, associations are characterized by a harmony between the aims of the organization and the motivation and interests of the members (Horck, 1982; Heinemann, 1986).

As mentioned earlier, the association as organizational principle for the organizing of common interests and aims gained ground in the 1800s, concurrently with the structural changes in society that led to the emergence of new social classes. The contrasts between the new classes could not be fitted into the traditional organization structure, and the associations

filled the organizational gap left by the change from traditional feudal society to a modern capitalist class society. The social differentiation created the need for new communities, and the social change created new ideal ways of organizing. The associations arose as a form of union at the same time as the feudal institutions in the cities and in the countryside broke down (Clemmensen, 1987).

The associations were, on a small scale, also a realization of the principles and ideals of democracy. In the transitional phase from traditional to modern society, new problems emerged for individuals, and this led to the establishment of new social groupings, classes or categories. In these groups, new values arose, which combined to create a coherent structure/culture that became the basis of a social utopia of how the world should be run. This also applied to organizational structures in social movements (Gundelach, 1988). Thus, associations became the dominant form of organization for the major social change for over a century.

Citizens have the constitutional right to form associations. Section 78 of the Danish Constitutional Act states that *“the citizens have the right, without applying for permission, to form associations for any lawful purpose”* and *“no association shall be dissolved by any governmental measure. An association may be banned temporarily provided that immediate measures are taken to dissolve it.”* Furthermore, the law has secured the rights of the employees in saying that they cannot be discharged on the ground that they are members of any association - including unions.

There is, however, no actual single act governing associations in Denmark, i.e. a law that places specific requirements on an association before it can be declared legal or eligible to receive public-sector funding, etc. The definition is, therefore, left to the specific legislation that aims at different kinds of associations. This applies, for instance, to the Danish Act on Popular Education which includes rules for *“public-sector funds, etc. for free popular education based on a sense of community and the ideas of the individual initiative takers.”* In order to receive funding, popular education must be organized by an association and the requirements placed on it include, for example, that it has a board of directors chosen by the members or member organizations, that the association is formed to promote a stated objective and that it has continuous activities for common good (ACT no. 480 of 31/05/2000).

Self-governing institutions

In terms of terminology, the descriptions “fund,” “self-governing institution,” “foundation” and “charitable trust” have been used to refer to the same (kind of) organization, and under current legislation these institutions are gathered under the collective name “fund.” Thus, the Danish Act on Foundations and Certain Associations from 1984 also applies to self-governing institutions.

The concept of “self-governing institution” is peculiarly Danish and unknown elsewhere. Establishment of the many “self-governing institutions” in Denmark have given rise to many theoretical and practical considerations regarding questions pertaining to civil or public law. Even though there is no relevant legal distinction between foundations and self-governing institutions, it is clear that a number of self-governing institutions, especially in the social sphere (e.g. kindergartens and nursing homes) and the education sector (e.g. schools) do work that often differs substantially from the operations performed by “typical” public utility funds.

The work done by self-governing institutions (at least in the social and education spheres) can, in principle, also be done by the public or private sector. However, the public authorities have a legal responsibility to citizens to make sure that the work is actually done and the different interests that politicians may have often become only too evident when it comes to the choice of “producer.” In short, it can be said that the interests and demands of public authorities are quality and financial sustainability, whereas private companies stress price and measurability, and self-governing institutions focus on values and freedom.

The self-governing institution is not an organized collaboration like an association. It owns itself, so to speak, and there is no other owner than the “purpose,” which is entitled to any surplus in the event of the institution being dissolved (Hasselbalch, 1992).

In the eyes of local authorities, self-governing institutions are seldom regarded as “voluntary,” because they are mainly financed by public funding and rarely have volunteers. Furthermore, parents’ boards have now also been established in public day care centers and schools, and this makes it difficult to distinguish between public and self-governing institutions in practice. Often, not even the employees are aware of the formal legal status of their place of work (Habermann, 1993).

A report on *Self-governing Institutions in the Social Sphere: Topical Problems* (Hansen & Henriksen, 2001) describes the self-governing institutions and their special position in between the public and the private sectors. The authors take an objective and subjective view of the matter. Objectively, a self-governing institution is an independent economic unit with its own board that does particular work, mainly for the public authorities. Subjectively, the self-governing institutions are based on values – that vary from institution to institution – and this value base (ideally) represents the face of the institution to the world.

In 1986, The Committee on Voluntary Work in Denmark conducted an inquiry into the development of self-governing institutions in the social sphere (Parsby, 1986) The background was the paradoxical situation that a myth existed about an increasing privatization of the institution area, while at the same time there was a pronounced worry that self-governing institutions might disappear in favor of local authority “service producers.” The inquiry revealed the trend for the period 1980-86 and its conclusion was clear: on a national basis, there has been a decline of 6% in self-governing institutions’ share of institution places. In addition, self-governing institution places were also shut down while new public institutions were built, and, as the report laconically states, there were no examples of self-governing institution places being established at the same time as public institution places were shut down (Parsby, 1986:27).

The report mentions several reasons for this decline. First, it may be due to political attitudes. Second, it is administratively difficult for local authorities to plan, guide and control partners from outside the public sector. Third, the price and quality were not acceptable. Fourth, the self-governing institutions have lost their spirit when it comes to keeping the “sacred fire” of their values burning – perhaps because of increasing demands from the public authorities.

There is no actual information about the total number of self-governing institutions. In the 1980s, the Danish Auditors estimated that there were just under 4,000 (Christensen, 1988). The question is whether the number has fallen, as the report of the Committee on Voluntary

Work in Denmark showed in the 1980s. *Statistics Denmark* (September 2004) states that there are 2,535 self-governing institutions in the social and education spheres (i.e. in day care centers and institutions for children and adults as well as private schools), and to that must be counted a great number of sports halls and facilities, “houses” for cultural events, theatres, museums, etc.

Funds – charitable foundations

A fund is defined as assets deposited (separately) by an independent board of directors for specific purposes (Lynge Andersen, 1998: 119). The fund concept is, however, not defined in legislation. The explanation for this is that the concept is so well established that there is no need for a legal formulation. Based on “custom and practice,” the characteristics of a fund are as follows:

1. an asset(s) separated from the overall fortune owned by the founder
2. independent management (a board) disposes of the assets
3. the fund is regarded as an independent legal entity
4. the fund (not the founders’ heirs, for example) owns the rights.

In addition to this, the fund has to live up to the criteria for voluntary organizations in terms of objectives, statutes, management and “permanence.” Permanence in this context means that the fund has to make regular payments in pursuit of the fund’s objectives. The concept of “the dead hand” (*mort main*) has been around for centuries. It refers to disassociating from assets in a company being taken out of general circulation (this refers in particular to commercial funds) and interest has concentrated on real property. The crux of the matter is that there is a political interest in financial assets being in circulation. Lynge Andersen (1998: 189) says that the dead hand cannot be avoided completely, because, in that case, you would have to prohibit funds or limit their lifetime. In principle, the assets of a fund are untouchable, and even though legislation demands that a reasonable amount of the assets of the fund be paid out in accordance with its objectives, a certain amount of accumulation is unavoidable. This is the price that society pays for accepting funds.

Funds - or foundations - have been operating in Denmark for centuries. The first descriptions of these foundations emphasised the “will of the founder.” When a citizen thought the government mild and fair and began to love his country and to cherish the protection and security he enjoyed, he wanted to give something back. He wanted his good deed to outlast him and leave a good impression. So the will of the founder and the “natural desire” to do good during and after his lifetime is of great importance. And the will of the founder as expressed in the instrument of foundation is still regarded as the “constitution” of the fund. The origin and purpose of the foundation might clash with the public, as stated in Oppermann’s book from 1860 about foundations:

“The State and the municipalities are institutions established of necessity as society develops. The foundations are – as the Danish word ‘stiftelse’ implies – not based on social necessity; most of them spring from a conscious decision by a private citizen pursue objectives not directly promoted by the public sector.” (Quoted here from Lynge Andersen. 1998: 109).

Funds and foundations flourished in the late 19th century as part of the national-democratic movement. Defeat at the hands of the Germans in 1864 was a heavy blow, and the motto

“what is lost outwardly must be won inwardly” motivated the resurrection of the country and Danish patriotism. A typical example is the gift of the brewer Jacobsen to the Danish people, of the National Historical Museum at Frederiksborg Castle (Habermann, 2004). Apart from the philanthropic inclination and patriotism of the founder, there are many other reasons to set up a fund, e.g. to avoid a family disagreement, to get around tax rules, to pay back a debt to society or to make yourself remembered. Nevertheless, the foundation form did not become the instrument known today until the mid-20th century, when the foundations became funds. Lynge Andersen (2002) notes a substantial difference in the tone of the rather modest literature on funds and foundations, from the reverence and respect of the old authors towards the philanthropic inclination of the founders to the new literature with closer focus on the usefulness of a fund.

In Denmark, the number of public utility funds is estimated to be 12-14,000. However, since the register was discontinued in 1991, it has been practically impossible to obtain reliable statistical information on the number of funds etc., the way it was under the 1984 Act on Registration of Foundations. There are 8,300 funds in KRAK, the Danish directory of funds and legacies (2002-2003), while 10,000 were registered in 1988. The decline may simply be due to the fact that it is no longer obligatory to register, and many funds with social objectives are often so small and local that they do not consider it worthwhile registering. Few of these funds are known to the public and most of them only have very modest means at their disposal. As a matter of fact, less than 100 of the funds account for half of the total assets of all the Danish the funds, which are estimated to be at least DKK 200 billion.

The objective of the fund is very often social in nature. In 2002, fewer than 40% of all registered funds had a “social” purpose. This can probably be related to the philanthropic movement as we know it from the late 20th century. The proportion of (registered) funds distributing money to education and research purposes is rising – in 1988 they accounted for 24% and this had risen in 2002 to 40%. Other major purposes are culture and sports, which in 2002 accounted for 8%; religion, 2%; and business purposes (for the benefit of employees), 7% (Habermann, 2004).

Public utility funds and private self-governing institutions fall within the definition of a voluntary nonprofit organization upon which this report is based. They are established according to civil law and are nonprofit bodies. They have an independent board of directors, and they can decide to dissolve themselves. Historically, they are part of a long tradition of private initiatives that have taken on work now regarded as the responsibility of the public sector. Their background was either philanthropic or for the common good. As already mentioned, funds and self-governing institutions are subject to the same legislation. The similarities and differences between them and the associations are listed below.

Criteria for definition	Associations	Funds (of public utility)	Self-governing institutions
<i>The purpose of the organization</i>	<p>Will usually be included in the association's statutes.</p> <p>To be eligible for public-sector subsidies, it is normally a requirement that the association serves as a public utility.</p>	<p>The purpose of the fund must be evident – and there can be more than one purpose. The purpose has to be 'permanent', i.e. it cannot be altered without the permission of the Danish Civil Law Directorate. But the purpose is decided solely by the founder and is in principle only limited by eccentricity. However, the purpose must not violate perceptive rules of law.</p>	<p>The purpose must be evident.</p>
<i>Statutes</i>	<p>Associations normally have statutes that set out the objectives, rules for electing the management, members' duties, etc.</p>	<p>The fund has clear statutes stating the objectives, form of management, policy for distribution, auditing, reporting on the work of the fund etc. The statutes can only be altered with the permission of the authorities (just like the objectives).</p>	<p>Same as funds.</p>
<i>Management</i>	<p>Almost all associations have a board elected by the members.</p>	<p>The fund is managed by an independent board of directors which disposes of the fund's assets.</p>	<p>The institution has an independent board of directors – members appointed by the authorities must not exceed 50%</p>
<i>Members</i>	<p>Most associations have individual members. Some (especially umbrella organizations or regional or national organizations) have other associations or organizations as members.</p>	<p>The fund has no "members."</p>	<p>Self-governing institutions do not have individual members (may however have a support group or similar).</p>
<i>Nonprofit (NPO)</i>	<p>The statutes normally state how the association's income and assets may be used. The assets may not normally be distributed among the members.</p>	<p>The assets of the fund must be irrevocably separated from the founder – and allocated for general purposes. The assets are distributed regularly. The obligation to distribute money can be disregarded if it seems appropriate.</p>	<p>The institution is often established without starting capital – and is operated with public-sector support.</p>
<i>Private (NGO)</i>	<p>Legally, associations are considered as independent legal entities.</p>	<p>The fund is regarded as a independent legal entity.</p>	<p>The self-governing institution is considered an independent legal entity.</p>

<i>Self-governing</i>	Associations are normally independent of public authorities (apart from financial dependence on public-sector funding).	The fund is independent from the founder and public authorities. The establishment of fund is therefore irrevocable for the founder and the board has the full assets of the fund at its disposal.	The institution is established according to civil law and must be able to decide about its own closure.
<i>Activities</i>	Organizing activities in which the members are interested. Looking after the interests of the members, cf. The associations' objectives.	Allocation of money.	Providing services.

6. Types of organizations in “the grey area”

The vast majority of associations, voluntary organizations, self-governing institutions and funds are clearly part of the voluntary sector as per the structural, operational definition of the voluntary sector above. However, a number of types of organization hover around the borders between the voluntary and public sectors or between the voluntary and private-economic sectors. Below we discuss the links between these organizations and the voluntary sector by comparing them to the five definition criteria: 1) being a clearly defined legal entity, 2) being private/not-public, 3) being nonprofit) 4) being self-governing, 5) being voluntary. The organizations in question are the following:

- free schools
- free boarding schools
- co-operatives
- the Danish National Church
- common housing organizations
- co-operative housing organizations
- unemployment funds
- the Home Guard
- public funds and self-governing institutions
- self-help groups

Free schools

Free and private schools include the private schools and private primary schools (sometimes combined with a private upper-secondary school), continuation schools and high schools. What these schools have in common is that they are not run by the local authority, they are not state-run and they are not run for commercial purposes. All three types of schools are, however, covered by legislation and have received state subsidies since 1899. As per the constitution, free and private schools are covered by statutes, which stipulate that school attendance is not compulsory but education is, i.e. that parents are obliged to make sure that their children receive education. In principle, they can be taught at home but almost all of those who opt out of local authority schooling send their children to private schools.

The educationalist Christen Kold founded the first so-called free children's school in Dalby on Funen in 1852. He was very much inspired by the ideas of the Danish priest and philosopher Grundtvig. Nowadays, free and private primary schools vary greatly in terms of size and the tenets upon which they are based. The majority are "Grundtvigian" free schools but left-wing, bourgeois and faith schools also exist and have been joined in the last couple of decades by several schools founded by immigrants. Finally, many private primary schools have been set up in areas where the local authority has closed its school.

When so-called "free" schools are asked to describe themselves, they tend not to accentuate the private, non-public-sector aspects, preferring to place the emphasis on being "free": free to decide what values teaching should be based on, free to choose educational principles and teaching methods, free - to some extent - even to decide how fees (from the parents) and state subsidies should be spent, free to make their own appointments (e.g. without necessarily complying with state requirements for a certain qualification) and free to decide which students to accept and, if necessary, expel (Balle and Balle-Petersen 1996).

A 1999 study uncovered 437 free primary schools in Denmark. Typically for the private school sector, many of them were relatively small. Half of the pupils are spread across approximately 80% of the schools (cf. the Ministry of Education website).

Almost all of the free primary schools are members of the Association of Danish Free Schools, which is a federation of Grundtvigian free schools, and the Independent Schools Joint Council, which is a confederation of six associations of free schools (The Association of Private Schools in Denmark, the Association of Free Schools – the Association of Free Schools, the Christian Free Schools Association, the Association of Catholic Schools, the Association of Private Upper-Secondary Schools and the Association of German-language Schools in North Schleswig).

Do these schools fulfill the five criteria for voluntary organizations used by the Hopkins project?

1. A free or private primary school is an "institutionalized reality." It is a separate legal entity with permanent objectives, it can be clearly delimited in relation to its surroundings, its objectives are clear, it has formal structures and procedures, it has clearly identified management, and it is, in principle, open to everybody who agrees with its objectives.
2. Formally, there is no doubt that the schools are private/not-public, i.e. they are not part of the public sector. The majority of the schools' expenses – approx. 85% - are, however, met by government subsidies, so the schools are subjected to a series of detailed rules and regulations before being eligible to receive public money. The state provides a general grant towards running costs, a grant towards building costs, a grant to cover the costs of after-school provision and a grant for special expenses based on the number of pupils in each year at the school. The local authority may also offer grants, e.g. for after-school provision and special needs teaching. The minimum requirement in order to obtain funding is normally a total of 28 pupils in grades 1-7 but for newly-established schools it is only 12 pupils during the first year and 20 the next. In the school year 1998/99, 10 free primary schools had less than 28 pupils. Schools are also required to be self-governing

institutions and the rules for management and finances must be approved by the Minister of Education. Finally, the law stipulates that the school has to be independent and run by a board accountable to the Minister of Education. Anybody can set up a so-called free primary school by registering it with the Ministry of Education and the local authority six months before the start of the school term. Funding under the Act presupposes, however, that the school meets a number of requirements (see below).

3. The free, private schools are nonprofit organizations, i.e. generating a profit, either directly or indirectly, are not included in the schools' objectives. Under the law, funding provided to the school must, therefore, only be spent on the school. Anybody with a financial interest in the school (e.g. renting out premises or sitting on the board of a foundation that owns the school buildings) is ineligible to sit on the board. These rules also apply to associations that receive local authority funding in accordance with the Danish Act on Popular Education.⁴

4. The free schools are in principle self-governing, i.e. the organization has decision-making power over its own affairs. The state cannot close the schools but state funding can be removed.⁵ This means that the school can function without public-sector funding but in that case it does not fall under this legislation and it is, therefore, the duty of the local authority to monitor whether the rules about compulsory education are being applied. To be approved and eligible for public-sector funding, the school must live up to a number of requirements corresponding to those placed on local authority schools. Section 1 of the Free Primary Schools Act states that *“free schools and private primary schools (free primary schools) provide teaching from grades 1-9, which is equivalent to what is generally required of municipal primary and lower secondary schools. The schools must prepare pupils for life in a free democracy. The schools can also include one year of teaching at 10th grade and one-year kindergarten classes.”* There are many relatively precise and obvious requirements, for example that “the teaching in 8th and 9th grade must prepare pupils for the primary and lower secondary school leaving examination,” “the teaching language in a free primary school must be Danish,” the school has to provide special needs teaching, remedial teaching, etc., the academic year must normally include 200 school days, the headmaster has to be fluent in written and spoken Danish, any surplus has to be spent according to certain proper regulations, wages and conditions of employment must comply with national agreements approved by the Minister of Finance, etc. The schools are subject to public-sector supervision, designed, first and foremost, to ensure that they provide an education equivalent to what is generally required of a municipal primary and lower secondary school, however, in principle, it is the parents of the pupils at the school (the parents association connected to the school) who decide

⁴ Quite a few schools were, however, allowed to retain their formal status after the amendment, which introduced the requirement that the schools have to be non-profit institutions, e.g. Kgl.Vajsenshus Skole and Sorø Akademi. They can either be semi-public or semi-private/commercial (the latter in terms of ownership to buildings, etc.).

⁵ “For schools that do not comply with the regulations in this Act, the rules or agreements, cf. section 7 that are stipulated or entered into in accordance with this Act, or decrees issued by the Minister of Education cf. section 24 a, the Minister of Education may withhold subsidies, refuse part or all of subsidies or demand repayment in part or in full of subsidies. The Minister of Education can withhold subsidies or remove subsidies from schools that file for bankruptcy or go into administration, or if there is any other danger of the school having to cease operations. The Minister of Education can also demand subsidies are repaid if the basis on which they were calculated or the calculation itself was erroneous”

how the supervision is carried out in practice. Either they elect one or more individuals – not parents, board members or school employees - to take charge of the supervision or they leave it to the local authority. Based on the supervisor's report, the Minister of Education can decide that the school is no longer a free primary school with the right to public-sector funding.

5. Attendance at a free private school is voluntary. All children have the option of attending a local authority primary and lower secondary school, so if the parents prefer a free school then that is an entirely voluntary decision. Teaching and administration is done by paid staff but the board members do not usually receive payment for their work on the board and the parents association often put in a significant amount of voluntary work.

Formally, the free, private schools fulfill the criteria for belonging to the voluntary sector, even though they are subject to a considerable degree of public-sector management and supervision.

Free boarding schools (Højskoler, Efterskoler etc.)

Free boarding schools are the common designation for folk high schools (Højskoler), youth high schools, continuation schools (Efterskoler), home economics schools and handcraft schools. Although this form of school is found in other countries, Denmark is definitely the country in which the largest proportion of the population has attended this type of school.

A folk high school can be defined as an exam-free boarding school for pupils aged 17½ years or older where the teaching is not designed to lead to formal qualifications. The folk high school is often put forward as being an institution that is particularly characteristic of Denmark. In the book "Have You Been to High School?" the Indian anthropologist G. Prakash Reddy writes that the Danes have three religions: Christianity, the welfare state and the high school movement (Reddy 1997). The first high school in Denmark was set up in 1844, when Rødning Højskole saw the light of day. Since then things have gone up and down for the high schools. At the start of the 20th century, there were 74 folk high schools. By 1940, the number had fallen to 54 but after that it rose steadily until the mid-1990s when there were 105 of them. Over the next decade, the number again fell to 83 in 2003 and the number of students fell by 30%. (Højskoleudvalget 2004). The high schools are organized in Association of Danish Folk High Schools.

The free boarding schools are inspired by Grundtvig's ideas from the early 1830s about a new form of school, where young people would receive an education and learn the skills needed to be able to participate in the assembly of the Estates of the Realm, and Christen Kold's practical implementation of those ideas. To this day, many of the schools still profess these basic ideals – even though the practice is often far different. However, the free boarding schools also practice a form of schooling, which has become institutionalized in the form of a number of dogmas, norms and political rules.

The main idea behind the high school and the other forms of free boarding schools that emerged later was – apart from being boarding schools - formation and enlightenment rather than formal education in subjects and skills (decided by the state). As a result, concepts such as general education, popular education, education for life and democratic training have been crucial in these schools, while exams have been banned and a concept such as competence is

looked down upon in many high school circles.⁶ The free boarding schools see themselves as part of civil society or the voluntary sector, cf. the report about the future of the high schools published in 1999: “popular education is part of the voluntary sector, which is free from state control but receives various degrees of funding from the public sector. This method of organization – between the state and free market forces – is often called civil society and is characterized by solidarity, reciprocity and the desire to maintain communities where people have obligations to each other and where dialogue is central” (The High School Committee 1999: 24).

For many years, the high schools enjoyed a unique status in political life and in the state administration. First, there was general political consensus about state funding, which encouraged a mutual understanding about what high schools are and why they should receive state money. Until 1942, no statutory objective was linked to this state funding (The High School Committee 2004: 23). There was no need to define what a high school was, and why they should be funded. Second, for many years the top civil servant in the state was someone from the high school milieu with insight into, and empathy for, the concept of the free boarding school (Breinholt and Vogel 1984).

The first actual continuation school was set up in 1879 as part of Galtrup High School, when the principal began to accept boys aged 12-18 at the school (Thøgersen 2004; Andersen and Nielsen 2003). Nowadays, the continuation schools are open to all young people aged 14-18. A basic prerequisite for these schools is the clause in the constitution that all children have the right to an education, i.e. that education is compulsory but school attendance is not (section 76.) This means that all parents are free to start their own school along with other interested parties.

While the high schools freed themselves from the parts of schooling that prepare pupils for work or further education and opted in the early 1970s not to integrate higher preparatory examination and higher preparatory examination/single courses into their curricula, the continuation schools went the other way. In 1967, the schools decided – after a highly emotionally charged debate – that the continuation schools could conduct tests. This became really important in 1972, when compulsory education was extended from 7 to 9 years’ duration and in 1978, when the lower secondary school leaving examination was replaced by the municipal primary and lower-secondary school final exams (The High School Committee 2004: 16. Thøgersen 2004: 16). One consequence of this was, however, that the schools were now obliged to teach the subjects Danish, Mathematics and English in a scale and to a level that corresponds to municipal primary and lower secondary schools. The 1967 decision represented a watershed for the continuation schools but was crucial for the ensuing rapid growth in the number of schools and pupils. It distanced continuation schools in terms of

⁶ For most young people from rural backgrounds - the primary recruiting ground for high school pupils until the mid-1960s - the high school represented the only opportunity to learn more than what little was on offer in the board schools and later in the municipal primary and lower secondary school (e.g. training in particular crafts, agricultural training, pre-med and nursing skills, etc.). However, as early as the inter-war period, a weakening of the vocational side set in, partly because the formal education system slowly overtook the vocational side (e.g. in the form of trade schools and other vocational courses, higher preparatory exam courses, adult education centres, etc.), and because an ever increasing proportion of the pupils arrived with an upper secondary qualification, partly because the high schools themselves became more and more aesthetics/arts-based and prioritised more physical subjects (music, arts and crafts, sports, dance, etc.) (The High School Committee 2004: 3, 20).

content and ideology from the free primary schools and the high schools and positioned them closer to the municipal primary and lower secondary schools.

In recent decades, the continuation schools have overtaken the high schools as far as numbers of schools and pupils are concerned. In 1942, there were 60 continuation schools in Denmark. Twenty years later, the number had more than doubled to 143 and growth has continued, to approx. 250 in 2005 (Thøgersen 2004: 95). At present, approximately 1/3 of school pupils take either 8th, 9th or 10th grade at a continuation school. The continuation schools are organized in the Continuation School Association.

How do the free boarding schools measure up to the five criteria for a voluntary organization?

1. A free school is an *“institutionalized reality”* in the same way as the free or private primary schools.
2. Formally, there is no doubt, that the schools are *private/non-public-sector*, i.e. that they are not a part of the public sector. The majority of the schools' expenses may be covered by state subsidies but a condition for receiving those subsidies is that the schools also have other sources of income and that the pupils themselves pay part of the costs of their stay. To be eligible to receive subsidies, schools must, however, live up to a number of requirements specified in the legislation governing free boarding schools (see point 4 for further details). In principle, anyone can, however, set up a high school or continuation school. While the schools have always been free, i.e. not part of the public sector, it was not until the act was amended in 1967 that they were required to be nonprofit. Until then, many schools had been private, i.e. owned by the principal or a school board.
3. The free, private schools are *nonprofit* organizations, i.e. that it is not the schools' goal to generate profit, directly or indirectly, and the schools' funds may only be used for the benefit of schooling and teaching. The same principle applies to members of the school board. They are not allowed to make a financial profit by, for example, renting out buildings to the school.
4. The free schools are in principle *self-governing*, in the sense that the individual school has the right to decide about its own affairs. The State cannot close the schools but it can stop funding. The high schools have been subsidized by the State since 1851/52 but the first law about aid to *“approved folk high schools”* was not passed until 1892. The current legislation governing free boarding schools (The folk high schools, continuation schools, home economics school and trade schools Act) is from 1993. It covers schools that *“offer teaching and a social life on courses, the main point of which is popular education, and which have been approved by the Minister of Education as eligible to receive subsidies.”* The Act also stipulates that *“the work of the schools must be organized on the basis of the set of basic values they have drawn up for themselves.”* The concept of popular education was enshrined in the statutes in the 1993 Act to replace the concept of general teaching, which had been the main point of the legislation since 1942.

The Act stipulates general requirements on these schools before they become eligible for government subsidies. Courses at folk high schools must be *“designed to improve the general, academic and personal qualifications of the pupils.”* It is also a requirement that a

set of subjects on a course must not constitute more than half of the teaching received by the individual pupil and that admission to a course must not be conditional on particular skills, qualifications, jobs, membership of certain organizations, etc. Under the Act, schools - especially the continuation schools – must offer pupils of compulsory schooling age an education that corresponds to that normally provided by municipal primary and lower secondary schools. Most continuation schools also offer the municipal primary and lower-secondary school final examination.

To be eligible for state subsidies, schools have to “be private, nonprofit institutions”; be independent (i.e. independent of other organizations); have a school board or a council that takes responsibility for setting up and running the school and elects the majority of the board members; comply with wages and conditions of employment for principals and teachers agreed with or determined by the Minister of Finance; have at least 24 pupils in each year group; run courses lasting at least 4 weeks during at least 20 weeks of every school year (at least one course also has to last at least 12 weeks); and fulfill a number of specific requirements about school facilities, finances and the use to which the state subsidy is put.

Even though the schools must be independent of certain organizations and institutions, one of the characteristics of free boarding schools is, however, that many of them adhere to particular spiritual, political or educational movements in Denmark, and many of them have been set up at the initiative of particular organizations (Thøgersen 2004: 121. Andersen and Nielsen 2003: 23).

Apart from that, however, the Act is characterized by the fact that when it comes to the school's content, it is the word CAN (as opposed to MUST) that appears most often in the various sections: pupils in continuation schools, home economic schools and trade schools can sit the primary and lower secondary school leaving examination or the 10th grade class test at the school; the schools can offer special lessons and other special educational assistance, etc. The schools have always opposed specific requirements on the quality of the teaching, formal requirements on the teachers’ training and qualifications and formal evaluations of the outcome of the teaching (i.e. the exam).

5. Participation in a free, private school is *voluntary*. Paid staff do the teaching and administration but board members usually receive no payment for board work and the parents’ association often puts in a significant amount of voluntary work.

Formally, the free boarding schools fulfill the criteria to for belonging to the voluntary sector and are, therefore, included in the study. This is despite the fact that they too – like (but in a lesser degree than) the private primary schools - are subject to a significant degree of public-sector management and supervision.

Co-operatives

Co-operatives exist in most fields of professional activity but this type of organization plays a particularly important role in Denmark in food production, the retail trade, housing and the financial sector (Michelsen 1995: 8). Co-operatives are often seen as historically and ideologically akin to several of the other types of organization also presented in this report (associations and free schools) and the big political and economic movements that have

characterized the country since the mid-19th century, especially the agrarian movement (in supplies, purchasing, breeding and sales) and the labor movement (in the fields of supplies and housing.) Co-operatives have been extremely active in local technological infrastructure projects, e.g. installing electricity and water (in recent years in the shape of windmill co-operatives).

A 1991/92 report on Nordic co-operatives showed that in agriculture they accounted for 90% of the dairy sector and 98 % of the pork processing plants. Co-operatives accounted for 31% of activity in the supply sector and 17% in the housing sector.

No studies have been made of the development in the number of co-operatives in Denmark. However, a 1987 survey shows that net growth in the number has been steady since the mid-19th century, despite major fluctuations from year to year. Since 1970, however, there has been a striking change in the composition of the co-operatives. Originally, they were concentrated in traditional businesses but since the early 1970s, the net growth has consisted almost exclusively of organizations that operate windmills, hotel and catering businesses, or social/educational and cultural activities. In the same period, co-operatives - in the financial sector in particular - have transformed into limited companies; but a similar move has also been debated in other sectors (Michelsen 1995: 188).

Co-operatives combine two types of organizations. On one hand, a co-operative is a company, which functions on the market's terms and aims to generate the greatest possible profit for its members. On the other hand, it is also an association based on voluntary individual membership and democratic leadership, which furthers the interests of the members and usually also has broader objectives, not just narrow financial ones (Michelsen 1995: 170; Bager 1992: 61-87).

The central, and in this context completely crucial difference from other voluntary organizations is that most co-operatives are not designed solely to make a financial profit but also to distribute it among their members. The crucial aspect is, however, whether the way in which this is done differs from the way other private financially-oriented companies act.

First, the co-operatives are member-based just like the associations. Membership is voluntary and personal and the influence is personal and democratic. Originally, the members equated to the users but today this is no longer the case for all of the co-operatives (e.g. the co-operative societies). Michelsen (1995) believes, however, that this makes them different from general profit-oriented companies because the co-operatives have, to a greater extent, a "communicative rationality" rather than the "calculative rationality" (cf. Habermas 1981) that epitomises member-based organizations.

Second, co-operatives are – as a consequence of being under the control of their members and because of their historical and ideological links to social movements – also oriented towards values and objectives which do not always fit in well with the financial objectives. "... *in co-operatives, the members' financial interests are defined differently and in a broader manner than the requirements for a return (in the form of a return on invested capital/profit) which the owners of capital place on profit-oriented companies*" (Michelsen 1995: 172). Bager thinks that the members place three parallel types of requirements on the co-operative: a) an income or financial return, b) specific services (e.g. groceries or agricultural produce) and c) broader, non-financial, value-based attitudes (Bager 1992: 64f), e.g. ethical or ecological

considerations or local considerations (preservation of the local co-operative society in the local community). The question is, however, whether the latter requirement really plays a role today. Do the co-operatives still distinguish themselves from other profit-oriented companies, which also formulate values and ethical goals in order to attract customers?

Third, the formal influence is not determined by the share of the turnover that the individual member possesses in the co-operative. Every member has one vote. This remains the case regardless of whether the member buys a lot or a little from the local co-operative society or whether the member delivers a lot or a little milk to the dairy. The share of the profit is, however, decided by the individual member's share of the turnover (Petersen 2004: 467). On the other hand, the individual member is often personally as well as collectively responsible to the co-operative (Petersen 2004: 467).

Fourth, Michelsen thinks that it is *"the members' actual needs rather than their capital, which forms the basis for the activity. It does not, therefore, make sense to consider the members as capital investors or their incomes from the company as profit."* Co-operatives are, in principle, unions of individuals, while limited companies are capital unions (Michelsen 1995: 176). A return is always linked to a specific service - whether it is the purchase of goods in the local co-op shop or the sale of pigs to the slaughterhouse - unlike the dividend the owner of a share in a limited company receives. Michelsen also thinks, therefore, that co-operatives try to balance their operations rather than make the greatest possible profit. Nor do co-operatives normally demand a capital deposit from potential members, and, if members have invested capital, no return on interest is paid on it.

Referring to Gui (1991), Michelsen thinks, therefore, that a distinction should be made between two types of financial organizations in the voluntary sector: self-help organizations and philanthropic organizations. Self-help organizations are characterized by the fact that those who derive an advantage from the activities of the organization also dominate it internally. Philanthropic organizations on the other hand are dominated by donors and the likes, who derive no financial gain from the activities of the organization (Michelsen 1995: 1977). As a result, Gui does not think that there is a difference in principle between co-operatives and, for example, sport and culture associations because the members of both are "buyers" of specific benefits. The nature of the nonprofit orientation is, therefore, – Michelsen thinks – the same in co-operatives as it is in social and cultural associations.

This study of the legal, financial and organizational aspects of co-operatives shows that - as a form of organization - they meet four of the five criteria for being considered a voluntary, nonprofit organization. Cooperatives are "an institutionalized reality", they are private and clearly separate from the public sector, they are self-governing and, finally, they are based on voluntary membership and usually also on voluntary work by a board and committee. Add to that the fact that co-operatives have a significant kinship with social movements and are – ideally – based on the same democratic principles as the associations.

The crucial and completely central difference from the other types of organizations, which is discussed in this report, is the financial dimension. Michelsen does point out some differences in principle between co-operatives and limited companies, as well as significant similarities with social and cultural associations, but that does not alter the fact that the vast majority of co-operatives do share any profit they make among the members. As a result, co-operatives do not meet the criteria used in this study to delimit voluntary, nonprofit organizations.

The Established Church of Denmark⁷

The Danish Constitutional Act Section 4 states: *“The Evangelical Lutheran Church shall be the Established Church of Denmark, and as such shall be supported by the State.”* This wording has remained unchanged since the first constitutional act of 1849. Section 66 of the Constitutional Act says: *“The constitution of the Established Church shall be laid down by statute.”* With this wording, the authors of the Constitutional Act held out the prospect of legislation that would provide the Established Church with its own constitution. This has never happened, however, perhaps because the Folketing (parliament) has hesitated to give up power, perhaps because the various currents within the Established Church have had mutual worries about who would “take power” in the Church. As a result, the Folketing over the years has passed a number of laws regarding the Established Church but has also passed rules that regulate some of the internal affairs of the Church, and the Ministry of Ecclesiastical Affairs exercises administrative authority over the Established Church.

The parochial church councils that manage the local work of the Established Church were established by law in 1903 to attend to the interests of the congregation. Their work varies considerably, from the appointment of clergy to organizing for church concerts and initiating welfare work. These councils work according to the laws and regulations of the Ministry of Ecclesiastical Affairs and their duties include disposing of large amounts of public money. They are elected every 4th year by the members of the Established Church in the parish and consist of 6-15 members. Standing for election is voluntary.

In Denmark, the Church is a state institution, and it should in principle be obvious not to include it in the voluntary sector. But it is not that simple when you take a closer look at the welfare activities of the Church. Approximately half of its activities are the responsibility of the local parochial councils which have to be considered, formally and traditionally, as organs of the state administration as far as the administration of the local church is concerned. However, in reality, they consist of 17,000 elected members who do voluntary work within the church, assisted by many more people who help with the parish work on a voluntary basis. They also organize a part of the voluntary welfare work, such as visiting schemes and shelters, events for elderly people, children and young people, relief for the families of the seriously ill. Often, the parochial councils employ parish assistants to coordinate this work. They can share much of the responsibility for church welfare work – they can put their premises and their labor at its disposal. Under Section 8 of the Act governing their activities, they can enter into special agreements and they can spend some of their funds on parish activities. A report from 2001 (published by the Bishops and the Danish Association of Vestry Members) suggested that, in future, church welfare work should be an ordinary part of the local parochial council’s and regulated by law *“so that it is clear that church welfare work relating to buildings and operations may be accorded priority at the same level as other work done by the local parochial councils.”* The committee also suggests that a special fund be established in the Ministry of the Ecclesiastical Affairs with a view to supporting welfare activities in the Established Church, and that funding for it may come, for example, from collections in the churches. It is a Danish Protestant tradition to make a collection in a special

⁷ The information is taken from www.folkekirken.dk, www.kirkeministeriet.dk, the report *Welfare Work – an Integrated Dimension of the Danish Church*. Forlaget Unitas 2001 and comments by Hans Ranum Iversen, associate professor at Faculty of Theology, Copenhagen University

collection box for parish charities at every service. It is suggested that these collections should be regulated by law.

The other half of the voluntary efforts of the Established Church is performed outside the auspices of the local parochial councils in the framework of free church organizations – some of which operate at national level, e.g. the Church Army, the Federation of Parish Charities, the scouts and second-hand shops. To some degree, this work is linked to the Established Church, partly by reciprocal representation on management committees and partly by clergy ordained by the Established Church serving in church welfare organizations and in some cases are also being paid by the Established Church.

It is estimated that approximately 50,000 voluntary workers are actively involved in formalized church welfare work. This is organized in the parishes, typically by the local parochial councils and parish charities, and by free church organizations, of which approximately 20 national welfare organizations do a considerable amount of the work. In addition to this, there are the 17,000 elected members of local parochial councils.

In terms of the definition criteria, it can be stated that:

1. The Established Church of Denmark is a clearly delimited institution characterized by long-term continuity.
2. The Established Church is a public/state institution and is funded by the State as per Section 4 of the Constitutional Act. On the other hand, many of the free, self-governing institutions that provide welfare services are not public.
3. Both the Established Church and the free church organizations are nonprofit organizations. However, while the Established Church is a state body funded by church taxes, the free church organizations are financially independent like other self-governing institutions.
4. The Established Church is governed by law with the Folketing as the legislative assembly and the Ministry of the Ecclesiastic Affairs as the supreme administrative authority. The Established Church cannot dissolve itself, so it is not self-governing in that sense but the free church organizations have their own statutes.
5. The Established Church is – as stated – not a “voluntary” organization because its activities are regulated by law. However, a considerable amount of voluntary work is also done within the Established Church. Partly, e.g. membership and standing for election in the local parochial councils are voluntary. Membership and activity are both voluntary in the free church organizations.

The Established Church – including the local parochial councils – are not, therefore, included in this report but the free church organizations are, as well as other (free) churches not regulated by law. Many people in church circles will probably resent this distinction. There are many interpretations of the tangled juridical status of the Established Church, and there are different views on the links between the church, state and civil society. Finally, there will be regret that this decision may appear to overlook all the voluntary work done in and by the

Established Church. This part of the Church's voluntary work is, however, included in the report on voluntary work by the population in general, which constitutes part two of this study (a survey of the participation in voluntary work).

Common housing associations

Common housing societies (known today as "housing associations") have existed since the mid-19th century, when the Association for the Construction of Workmen's Dwellings was established⁸. In 1887, the Rigsdag passed the first Act regarding public-sector subsidies for building, but because of limited funds, the Act made little impact (Høilund, 1997: 45) and until World War One almost all building in Denmark was private. The outbreak of the war and mass migration into the cities resulted in a considerable shortage of housing and large price rises. As a result, the government intervened with, among other things, rent regulation and legislation to fund building. This funding was combined with control, both of the construction and of the management of the finished houses, and with requirements on the statutes of any associations applying for state funding. The Act also laid down rules to prevent owners or shareholders from gaining profit by selling properties or shares. This resulted in the formation of many housing associations, and the Federation of Common Danish Housing Societies (today The National Association of Housing Societies) was formed in 1919.

As part of the political "Kanslergade Compromise" in 1933, the Folketing passed a new law on subsidies based on the public utility concept - the housing societies had to be self-financing in order to obtain public funding - i.e. all of their funds, including surpluses and the proceeds of re-mortgaging were to be used for housing purposes (Høilund, 1997: 51). A new Act followed in 1938, introducing most of the principles and rules still in force today. These two Acts resulted in many new housing associations and dwellings. In 1958, the first step towards residents' democracy was made through an amendment to the Act that meant that all residents in each single building in a housing association should be informed and have the right to be heard on all matters relevant to the management of the building. Proper resident's democracy was introduced in 1970.

The overall purpose of housing organizations is to introduce a social aspect to the housing sector. Housing associations can build, rent, manage, maintain and renovate common family homes and homes for young people and the elderly. In addition to these activities, the organization may carry out other tasks provided they are naturally linked to housing and are run on the basis of knowledge the housing association has acquired through its activities.

⁸ Wretched housing conditions, especially in the cities, led to social-philanthropic initiatives in the 1800s for improvement of the housing facilities (Høilund, 1997: 32-57). In 1851, the doctor Emil Hornemann and other well-known Copenhageners (among others, August Bournonville) established the Association for Construction of Workmen's Dwellings (which was organized as a limited company, but with a very small profit), and two years later, when a cholera epidemic killed approximately 7,000 Copenhageners, the Doctors' Association against the Spreading of Cholera (also directed by Hornemann) proposed to build new dwellings for 500 poor families which resulted in the building of the 'Brumleby' quarter in Copenhagen. It was important for the association that the means for the building were voluntary contributions. This building became the model for a number of similar dwellings (for instance, the Classen Buildings at Frederiksberg). Later, other associations were formed with the same purpose, such as The Association of 1865 for Procurement of Workmen's Dwellings and the Copenhagen Social-philanthropic Society for the Relief of Housing Shortage, established in 1927, which today are united in the Copenhagen Self-governing Housing Society.

As a type of organization, the common housing association belongs to the grey area between the public and the voluntary sectors. The question is whether they fulfill the five criteria for a voluntary, nonprofit, organization.

1. A common housing association is an “*institutionalized reality*.” It is a legal entity, it is a permanent organization, it is clearly delimited in relation to the surroundings, it has definitive objectives, it has formal structure and procedures, the management structure is clear and it is, in principle, open to all.
2. A common housing organization is in principle *private/not-public*, i.e. the organization is organizationally/institutionally separate from the public sector. *The management is composed of tenants* elected by their fellow tenants in the development. There are no public-sector representatives either on the central board of housing associations or in local branches. Even though housing associations are not established by a specific act of parliament, they are *subject to legislation and public supervision*, i.e. they function under a certain legislative framework which allows them to receive funding from the National Building Fund for house-building purposes. In principle, anybody can take the initiative to found a new housing association but in practice it is done in collaboration with the local authorities because a building - according to the rules in force – cannot be constructed with public funding without the involvement of the local authorities.
3. Housing associations are *nonprofit* organizations, i.e. generating a profit, directly or indirectly, is not their objective and the organization is not primarily run for commercial purposes. Any surplus accumulated surplus must be used for the purpose of the organization and must not be distributed among the residents or the management. In associations with guarantee capital where the guarantees are still valid, dividends may be paid, although only at a maximum of 5% per year, and the guarantee capital accounts for a very small part of the total capital of these housing organizations.
4. Common housing organizations are *self-governing*, i.e. the organization itself manages its own affairs. *Legislation and local authority supervision place a number of requirements on housing organizations, which define the real level of self-governance*. The organization must follow the rules stipulated in special legislation and is subject to local authority supervision. The individual branches enjoy substantial authority and are financially independent of each other, but in principle they are not independent of the organization as a whole when it comes to decisions making.
5. Participation in housing organizations (by moving into a home) is, in principle, voluntary. In addition, a considerable amount of voluntary work is done on the boards of the branches and as part of associated activities.

Formally, the housing organizations fulfill the criteria for voluntary organizations but in reality they are subject to considerable public management and control. Therefore the common housing organizations are not included in this study.

Housing co-operatives

Housing co-operatives are another borderline case. A development belonging to a housing co-operative does not consist of rented or privately-owned accommodation, as the members

jointly own the property, even though the ownership is usually indirect. It is the association, the housing co-operative, that owns the property while the members “own” only a share of the collective assets. In some ways, a housing co-operative lives up to the criteria of being a voluntary, nonprofit organization, but there are also a couple of main deviations.

1. A housing co-operative is an *organization and an institutionalized reality*. It constitutes a community or collaboration of sorts. The law regulating housing co-operatives defines that it must consist of flats in more than two properties. A board of directors elected at a general assembly runs the association. The association has statutes and objectives.
2. A housing co-operative is *private /not public* and self-governing, even though the rules for the activities of the organization are closely regulated by legislation.
3. In principle, the objectives of housing co-operatives are nonprofit in nature but nevertheless – and this is crucial – each shareholder can make a profit (by selling his or her share) if the value of the property, and therefore of the individual resident’s share, has risen. The association can also sell the property and then distribute the profit among the members. However, this cannot be done on the free market to the highest bidder. The price must be approved by the board of directors according to instructions approved by the general assembly. However, irrespective of the price fixed by the general assembly, a shareholder is entitled to charge the same price for the share of the association’s assets as s/he himself has legally paid. Large housing co-operatives pay tax as separate entities but this does not apply to small co-operatives, where the tax liability rests with the members. As a result, the members have the right to deduct interests on mortgage debt. This gives the members a special financial advantage (Neville, 1998: 55).⁹ A “membership” of a housing co-operative is also a kind of “ownership” of a share of the property.
4. Housing co-operatives are *self-governing*. A local authority that takes over one or more flats can also be a shareholder but can only exert influence commensurate with the shares. Membership does not only imply the right to use the premises; membership of a housing co-operative (and other housing unions) typically means that participants have direct or indirect influence on the decisions of the association and a share of its fortune and result (Neville, 1998: 49). Influence by other parties (e.g. public bodies and lenders) is, therefore, out of the question.

⁹ There are specified rules for the assessment of the value. According to the law, the price must not exceed what the value of the share of the association’s assets, improvements to the flat and its state of maintenance can reasonably justify (Neville, 1998: 18 and 79). In later amendments of the Act, this has been regulated and specified. On one hand, it has to prevent the price of the share from exceeding the real value. On the other hand, it prevents the shareholder from netting the increase of value of the property by transferring, i.e. selling the share. Today the share is allowed to be assessed by a precise evaluation of the property, i.e. not only the public assessment, and the individual shareholder can, therefore, make a quite considerable financial profit by selling the share. As mentioned, there are limits on the price. ‘When transferring a share in a housing co-operative, where the right to use a residence is attached to the share, the price must not exceed what the value of the share of the association’s assets, improvements to the home and its state of maintenance can reasonably justify’ (Section 5, 1). In principle, a new shareholder pays the association, which then settles with the person transferring the share. The amount of the transfer is paid to the association, which after deduction of its outstanding accounts pays the rest to the outgoing shareholder.

5. Membership of a housing co-operative is voluntary in the sense that the tenants will be offered membership of a newly-established housing co-operative if a property is taken over by a private landlord, but acceptance is not compulsory and they may continue as ordinary tenants. Buying a 'share' in a housing co-operative is in many ways equivalent to a paying a fee to an organization. In principle, you do not buy ownership of the whole flat, but the right to use a certain part of the development owned by a housing co-operative. Only a person who has, or assumes, the right to use premises in a property owned the association may be admitted as a member of the housing co-operative. Membership only confers the right to use the specific premises covered. (Law on Housing Co-operatives and other Housing Societies, chapter II section 2, 2 and 3).

Even though a housing co-operative fulfills four of the five criteria for a voluntary organization, it fails to meet the nonprofit criterion because members may make a profit if the value increases.

Unemployment funds¹⁰

Under the law governing unemployment insurance, an unemployment fund must consist of “an association of persons who have joined together for the sole purpose of providing financial support in the event of unemployment and to manage other schemes that the legislation places under their jurisdiction” (Section 30). Today, there are 33 unemployment funds approved by the State (the website of the Joint Unemployment Funds, 6 December 2003). Most unemployment funds have local offices or branches but they are not independent units.

In 1907, the Rigsdag passed the first law governing unemployment funds approved by the State. This Act laid down the principle of obligatory state relief for the unemployed. Until the early 20th century, unemployment relief was a private/voluntary act organized at local level (Bender, Jansen & Johansen, 1977: 144). Many of the principles of the original 1907 Act are still adhered to. As a form of organization, legally sanctioned unemployment funds belong to the grey area between the public and voluntary sectors. How well do unemployment funds comply with the criteria for voluntary, nonprofit organizations?

1. An unemployment fund is an “*institutionalized reality*.” It is a legal entity, it is a permanent organization, it can be clearly delimited in relation to the rest of society, it has definitive objectives, it has formal structure and procedures, it has a clearly defined management, and it is, in principle, open for all wage earners and tradesmen – albeit within a defined line of business.
2. An unemployment fund is in principle private/not-public, i.e. the organization is formally separate from the public sector, and anybody may in principle take the initiative to set up an unemployment fund. In other words, individual funds are not set up by specific act of parliament or other form of agreement. They do, however, have to be approved by the Minister of Employment. Such approval presupposes that the unemployment fund lives up

¹⁰ The paragraph is based on

- a) Decree law no 708 of August 13, 2003
- b) Jørgensen, Leif Hedegaard (2003) Unemployment insurance and ‘Sociale Publikationer 1’.
- c) Bender, Johan; Chr R Jansen; E Korr Johansen (1977): Unemployment in Denmark. Gyldendal

to a number of requirements, and the funds are subject to detailed legislation stipulating how they operate. In order to be approved, an unemployment fund has to be limited to a particular line of work, have at least 10,000 members that fulfill the conditions for participation and have standard statutes (equivalent to ordinary association statutes) approved by the Minister of Employment. An unemployment fund can wind up its operations if 75 % of the votes cast by the supreme authority of the fund so decide and that decision is subsequently approved by at least 75 % of the votes cast in a ballot among the members of the fund. The Minister of Employment may also withdraw approval of a fund if it no longer fulfill the conditions or breaches the rules laid down in law (§36-38).

3. Unemployment funds are *nonprofit* organizations, i.e. the purpose of the organization is not to generate profit, either directly or indirectly, and the organization is not governed by commercial aims. If the organization is dissolved, the Directorate of Labor authorizes the way any assets are dealt with.
4. Unemployment funds are *formally self-governing*. This is apparent, for instance, in the different ways in which they are organized. The largest unemployment funds have local/regional branches, and they present themselves very differently, with their own websites. The management of the funds (council and board) is elected by the members. Some unemployment funds are closely connected to one or more trade unions, some are intersectional, and some funds have no close connection to trade unions and see themselves as non-political. Legislation, however, places a number of requirements upon the activities of unemployment funds, which restrict the real level of self-governance and the funds are subject to supervision by the Directorate of Labor.
5. Unemployment insurance is a voluntary form of insurance, so membership of an unemployment fund is in principle also *voluntary*. For wage earners, however, unemployment insurance is often compulsory because collective bargaining agreements between the unions and employers often include rules that employees covered by them must be insured against unemployment (Jørgensen, 2003: 4). Unemployment funds are managed by paid employees but the board usually consists of volunteers.

Formally, unemployment funds do comply with the criteria but in reality they are subject to a substantial degree of public-sector supervision and control. Therefore, we have not included them in this study.

The Home Guard¹¹

The Home Guard was set up in 1949 on the initiative of associations founded by former resistance fighters after WWII. During the winding down of the resistance movement after the liberation in 1945, the idea emerged that resistance people should keep their weapons and keep their military skills up to date or improve them as a first step towards joining a proper voluntary Home Guard later on. In 1946, the associations involved reached agreement about future cooperation with the Ministry of War and received funding from the national budget until the state Home Guard was set up. In other words, the associations served as a “bridge” between the resistance movement and the national Home Guard later on.

¹¹ Based on information from the Home Guard website, the Home Guard Information Department, the Home Guard Act, the Defense Purposes Act, and the Danish National Encyclopaedia.

The Home Guard is a popular movement set up to express the determination of the Danish people to maintain and improve the defense of their country. It is also, however, part of the Danish defense system. The work is basically voluntary and unpaid and the members are charged with the defense of their local area. The broad decentralized nature of the organization and the duty of the members to store their light weapons and ammunition in the home, constitute a central (and controversial) aspect of the Home Guard's identity.

In geographic terms, the Guard is active all over the country and the volunteers represent (according to its homepage) a broad cross-section of the Danish population. All Danish citizens, who are resident in the country and are found "*worthy of the respect and confidence that the service presupposes*" (section 7), may be accepted as volunteers¹². The Home Guard had (according to its homepage) 58,640 voluntary members on 1 January 2004, of which some 15 % were women.¹³ In terms of age, the majority (60 %) of the volunteers were between 25–50 years, 6 % were under 25 and 34 % over 50. The members are divided up into different units: army, navy and air units, the band and the infrastructure unit, which defends important public installations such as electricity plants, railways, post offices, etc. The special women's corps was closed down as an independent unit in 1989. Since then, woman and men have been treated as equals within the organization.

Until recently, volunteers were required to take part in 100 hours of training during their first year of membership and 50 hours per annum in the second and third years. The latest defense agreement approved by the parliament for the period 2005-2009 plans to involve the Home Guard more actively in the overall defense of the realm. The Home Guard will, therefore, make greater demands of its volunteers in future in terms of increased basic training. A response force will also be established, which will receive comprehensive training and be deployed to protect Denmark on a par with the rest of the armed forces.

The "Home Guard Act" and "The Defense Purposes, etc. Act" (both from 2001) state that the Home Guard will take part in military defense deployments led by the army, navy and air force, and section 5 of the Home Guard Act states that the composition and organization of the Home Guard falls under the remit of the Minister of Defense. In addition to approximately 55,000 volunteers, the Home Guard also employs and calls up personnel (350 full-time military employees and 650 civilian employees.)

In other words, the Home Guard is established and regulated by law. Despite large amounts of voluntary effort it does not, however, live up to the criteria for a voluntary organization and is, therefore, not included in this study.

Public, self-governing institutions and funds/quangos

More and more public "self-governing institutions" have been established in recent decades. The concept of "public funds" and the name "0 funds" have also been used, because public and quasi-public institutions are often established without capital (Lynge Andersen, 2002:

¹² One criterion for admission is that you live in the local area of the Home Guard unit concerned. The Home Guard receives approx. 5,000 applications for voluntary membership p.a. – ca. 10% of them are rejected by the district committees.

¹³ According to the Danish National Encyclopaedia, the Home Guard had 66,800 volunteers in 1995, 17% of them women.

115). In addition, while private self-governing institutions clearly fit the criteria for “voluntary organizations,” public self-governing institutions inhabit the grey area between the public and the private sectors.

These “quasi-public” institutions are known in (because of the UK designation) as “Quangos” - quasi-non-governmental organizations. In a Danish context, it is difficult to distinguish between a private self-governing institution and a so-called quango. In internationally used definitions, the *governing relationship* is the crucial factor in deciding whether the organization is defined as public or voluntary.

In an article on “self-governing foundations,” as the organizations are also called, Carsten Greve (2002) writes that a solid definition of a “quasi-public” organization has not yet been devised but that any such definition should be drawn up on a comparative basis because the different countries have different constitutional, political and cultural set ups. However, the *independence* of the political system is particularly important. These are organizations that spend public money and/or do work on behalf of the public sector but they also have a degree of independence concerning their management and organization. In Denmark they include such varied organizations as the Royal Theatre, the Port of Copenhagen and educational institutions as well as various boards, councils and centers established by specific acts or regulations.

Such “quasi-public” institutions have been set up for a variety of reasons (Greve, 2002). First, the Danish State has not been characterized by stringent theoretical and organizational principles for the establishment of such quasi-public organizations; instead, it uses practical arguments. The educational sector in Denmark, for instance, has been dominated by a liberal (private school) tradition, which has always included self-governance and opposition to the State or the central government in Copenhagen. Nevertheless, little by little, the State has taken over the financial responsibility for these initiatives.

Secondly, the Government in power can ‘encapsulate’ its policy by establishing self-governing institutions that are difficult to close, which makes it difficult for the next government to instigate changes. It is not possible to change an organization that was established with the support of a large majority in the Folketing without further ado. However, this also means that quasi-public self-governing institutions are outside real political (public) control and that the minister in charge is able to disclaim responsibility for a potentially difficult sector.

Third, quasi-public institutions fit in well with the modernization of the public sector, known as “New Public Management.” This flexibility and independence from the heavy governmental apparatus represented by self-governing institutions fits well into such modernization efforts. At the same time, it is obvious that the increasing number of self-governing institutions means that political control becomes more difficult – politicians risk their organizations running around like headless chickens, impossible to coordinate and manage. On the other hand, this has resulted in demands for more control, evaluations and reports, demands that have infected the whole voluntary sector.

How well do quangos comply with the criteria used in the study?

1. Quangos clearly live up to the criteria of being *separate legal entities*. Names that reflect the concept of a “fund” (e.g. The Green Fund) are often used to mean the same as board, council or center.
2. Even though they live up to the fund criteria formally, there are obvious differences from private self-governing institutions and to other funds. Foundations are, as mentioned previously, set up by and quangos are – as the name says – *quasi-public*.
3. Quasi-public organizations have multiple sources of finance, a few are set up with any equity but they have clear *nonprofit* objectives. Often, the institution is set up to ensure that state subsidies are not used by individuals, directly or indirectly, for personal financial gain.
4. These quasi-public organizations are, as has been said, established when a certain degree of *independent status* is called for (e.g. the Ombudsman). However, the board is often appointed by the public sector even if the statutes signal a certain form of independence as per the “arm’s length principle.” Finally, the rules regarding dissolving quangos have a crucial bearing on these criteria. In relation to the dissolution of the organization (and any lawsuits pertaining to the dissolution), the question arises to whom the funds belong and what happens to them in the event of the organization being dissolved. It is a characteristic of private self-governing institutions that they have the power to dissolve themselves, although local authorities, prior to signing operational contracts, are increasingly likely to insist that this may be allowed without their permission. This does not apply to quasi-public organizations. In this case, the Ministry of Justice approves the dissolution as the permutation authority and sees to it that the assets are used for equivalent general purposes, as originally stated, or that the funds revert to the treasury (i.e. not to the “purpose.”)
5. Quangos (normally) have no members. They often have professional/paid staff, and although they may have volunteers, their voluntary board is often politically appointed.

These totally or quasi-public funds, which of necessity do not act like “normal” funds, but which fulfill the criterion for a fund/self-governing institution, are difficult to squeeze into an inquiry like this. They are institutions established by law, by decree or whose existence is presupposed by certain other pieces of legislation.¹⁴ Lynge Andersen (2002: s.266) mentions the following main types:

- independent state organizations (Radio Denmark or Statistics Denmark)
- self-governing state institutions (the universities and the Royal Theatre)
- state companies (DONG and Great Belt)
- various self-governing institutions.

These organizations are normally not defined as “voluntary.”

¹⁴ Lynge Andersen (2002) identifies no fewer than 24 legal areas where this is the case. From the Ministry of Education and the Law on Social Service as the best known in Denmark, to the Law on Banks and Saving Funds, museums, theatres, auditing of state accounts to zoos and precious metals.

Even though the public funds and self-governing institutions live up to criteria of being a separate legal entity and a nonprofit organization, they fail to comply with the other criteria and are not included in the inquiry.

Self-help groups

Self-help groups are small groups of people who want to help and support each other by working in a group on a problem that the participants have in common. They are based on the reciprocity principle so that members can share experiences and encourage close personal relationships between the members, often for short periods (Adamsen & Habermann, 1995). Such groups arose in great numbers from the mid-1980s. In 1992, the number of such groups in Denmark was estimated to be approximately 1,800 (Mehlbye & Christoffersen, 1992), and numbers seem to have been reasonably stable since then (Hansen, 1996.) When self-help groups became a known phenomenon in Denmark, a lot of public attention was paid to them, they were labelled “the new voluntarism” and they received a lot of public sector support, e.g. help from consultants and grant/project pools in the national budget.

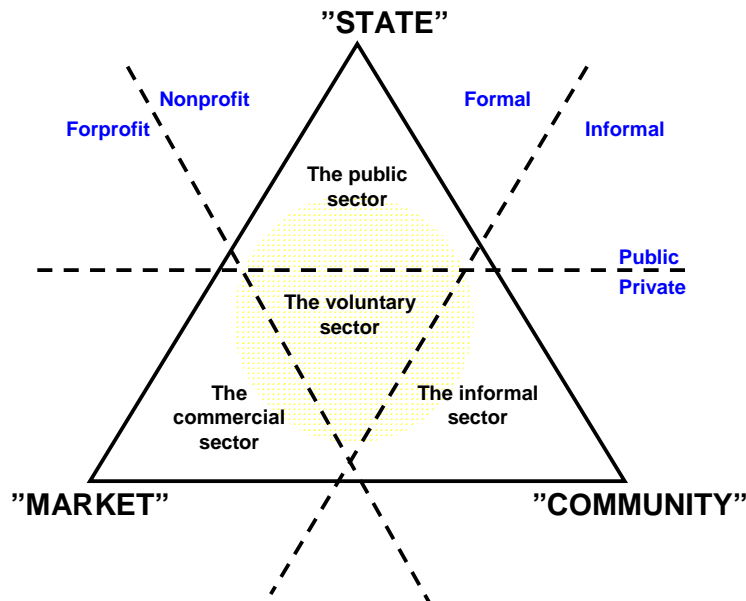
Many self-help groups are attached to self-help projects organized as local associations, which often cooperate with the local volunteer bureau. These self-help projects may - like other voluntary organizations - receive public funding for their work, and many have appointed a coordinator. Other self-help groups typically exist in hospitals and in the health sector, where they are managed and coordinated by professionals.

To a high degree, self-help groups are private entities. They operate on a nonprofit basis, and they are to a large extent independent and voluntary. However, in relation to the definition of a voluntary organization, self-help *groups* are outside the scope of this inquiry because they are temporary, (often) closed groups that are so private that they cannot even be regarded as an institutionalized entity. On the other hand, coordinating self-help *projects* organized as associations are included in the inquiry.

7. Conclusion

In conclusion, we will summarize this round-up of the different types of organization and the analysis of which of them fit the definition set in the Johns Hopkins Comparative Nonprofit Sector Project: that the organization must constitute “an institutionalized reality,” be “private/not public sector,” must be “nonprofit,” “independent and self-governing,” and be based on “volunteers.”

In the big picture, these criteria correspond to the way that Victor Pestoff (1995) defines the voluntary sector in a diagram, which we use here to illustrate the difference in the voluntary sector and the difficulties of defining and delineating it in a strictly logical way that facilitates international comparisons (see below.)



Pestoff (1995) differentiates between three ideal typical “social orders:” the state, the market and community. The three social orders distinguish themselves from each other on the basis of three social dimensions: a) public sector versus private sector, b) nonprofit versus for-profit c) and informal versus formal.¹⁵ The model can be used to analyse both the abstract macro-level and the concrete empirical level. On the abstract macro-level, we are interested in the importance social system forms have for the society and its development (their relative strength, legitimacy, etc.) On the concrete empirical level, we differentiate between different sectors, consisting of different forms of organization, whose character and prevalence is an expression for the role that these sectors play in different assignments and the solution of different problems in society. The prevalence and the nature of these forms of organization forms is determined by the relative weight of the forms of social order. Private companies in the commercial sector are primarily controlled by the “market” but will, to varying degrees, also be controlled by the principles of “the state” and “community.” Correspondingly, public-sector organizations are primarily controlled by the principles inherent in the “state” but can also be controlled by the two other principles. Family, community and friendship in the informal sector are controlled first and foremost by the guiding principles of “community” but can also be controlled by the principles of the “market” and by the “state” (e.g. legal regulation of marriage and the private sphere). Voluntary organizations are somewhere in the middle because they do not belong under the public sector, the commercial sector or the informal sector. In relation to the public sector, they distinguish themselves by being private. In relation to the commercial sector, they distinguish themselves by being nonprofit. In relation to the informal sector, they distinguish themselves by being goal-oriented and formal.

¹⁵ Skov Henriksen considers the juxtaposition of the pair of concepts *Gemeinschaft* versus *Gesellschaft* (cf. Tönnies) to be more precise than informal versus formal. While *Gemeinschaft* is made up of kinship, neighbourliness and friendship, which are based on emotional conditions, traditions and a feeling of belonging together, the central interaction principle in *Gesellschaft* is the purpose/target, rationality and calculation.

Therefore, the relations between the voluntary sector and the other sectors are also different, and it varies how the organization population in different areas of society and the individual organization place themselves in this space. Some organizations and organization-populations will be close to the extreme “state,” others will be close to the extreme “market,” and finally there will be some close to the extreme “community.”

The central aspect of the model is therefore that there are degrees of privateness / publicness, for-profit / nonprofit orientation and informal / formal organization, which the different areas of society (e.g. sport) and the individual organizations as it were are stretched out between (Skov Henriksen 1996: 55), and therefore, the different sectors cannot either be unambiguously delineated. For that reason, the concrete welfare and organization mix, determined by the relationship between the different management and system principles, also varies from society to society and from one area of society to another. Unlike the often very simplified sector models, which emphasize ideal differences and sharp borders between the sectors, this model concentrates more heavily on the differences, the complexity and the floating borders in the organization pattern.^{16 17}

This definition of the voluntary, nonprofit sector lies close to the definition, which is used in the Johns Hopkins Comparative Nonprofit Sector Project, and which the Danish study of the sector therefore also uses. The first criterion in this definition: that the organization has to be “an institutionalized reality,” which primarily effects the degree of formalization, corresponds to the dimension “informal versus formal” in Pestoff’s model. The second and fourth criteria: that the organization has to be private and independent/self-determining, corresponds to the dimension public versus private. The third criterion: that the organization has to be nonprofit, corresponds to the dimension “nonprofit versus for-profit.” The last criterion in the definition: that participation in the organization has to be voluntary, is not included in Pestoff’s pinning down of the voluntary sector. However, the two definitions have in common that they neither include a democratic dimension (e.g. that the participants/the members choose the leadership) nor a goal and value-dimension (e.g. that the organizations’ activities must benefit others.)

The model contains no theories to explain why the organization pattern looks the way it does, why the mix of types of organization is different from society to society and from one area of society to another, what determines changes of the organization mix and the consequences of such changes.¹⁸

¹⁶ Dekker & van den Broek (1998) also distinguish between ideal types of social orders: state, market, community and civil society, which they position in between the first three.

¹⁷ Two examples of attitudes which are based on this ideal perception of state, market and community:

“Den Danske Bank has to an extent only itself to blame that people have unrealistic expectations that it will take the national interest or other social considerations into account. It has blown itself up to being something like the Scouts or the Red Cross, which is a load of rubbish. It is a limited company obliged to earn money for its shareholders” (the historian Søren Mørch in Politiken, Saturday, 4 April 1998).

“In the same way that a local authority cannot run a newspaper, it cannot run a voluntary organization either. A council office is not a charity,” (the journalist Egon Clausen in Politiken, 5 April 1998).

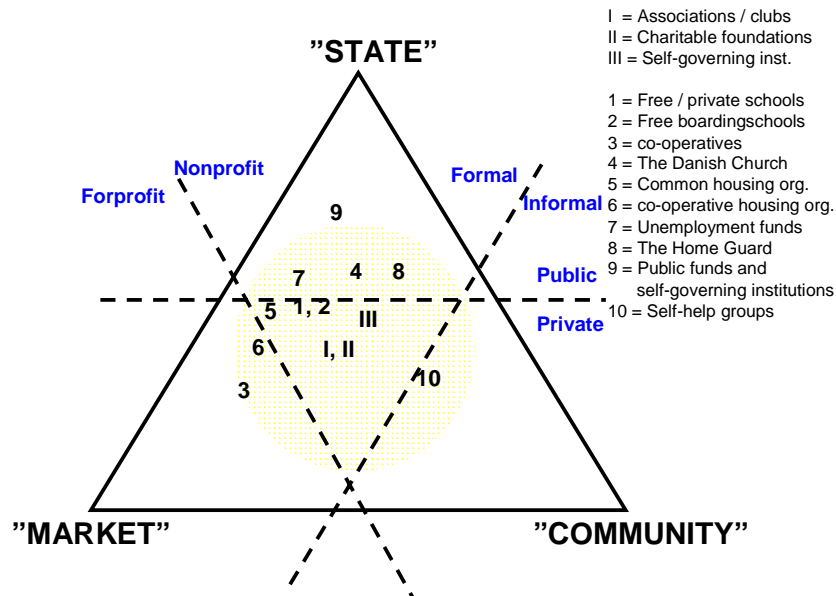
¹⁸ Pestoff does however touch on the fact that the organization mix and the changes to it have to be understood on the basis of the relationships between the sectors, e.g. the resource streams (public-sector funding,

In this context, the model is however fruitful to illustrate the composition and the differences in the voluntary sector, as it is defined above, and the difficulties in defining the sector for an international comparative study.

In the figure below, the different types and forms of organization, which are described above in relation to the five criteria for a voluntary organization, are inserted in Pestoff's model. Organization forms, which we in the analysis above have included under the voluntary sector, are placed inside the three dotted lines. Several of them are, however, close to the public sector, e.g. the free and private primary schools, the free boarding schools and many of the other self-governing institutions. These forms of organizations are formally voluntary organizations but are in fact highly dependent on public-sector funding and subject to significant management and control that restricts their self-determination.

We have placed the remaining types of organization outside the voluntary nonprofit sector, even though each of them fulfills most of the criteria for belonging to the sector. Even though the national church enjoys a significant degree of autonomy, membership is voluntary and a lot of voluntary work is put in, the national church is in a legal sense a state church, so placed in the public sector. The same can be said about the Home Guard, which in many ways acts as an association with a lot of voluntary work, but the organization is established by law and can, therefore, also be abolished by parliament. In principle, this is not the case for Unemployment Funds, which are formally run by the trade unions, and common housing organizations, but they are subject to very detailed management and control so their autonomy is strictly limited and they are, therefore, actually part of the public sector. Finally, public funds and nonprofit institutions are unambiguously part of the public sector, even though they usually enjoy significant autonomy because they are established by law or by a public authority. Unlike private nonprofit institutions and nonprofit foundations, the local authority or the state can close down these organizations and they do not normally do voluntary work. We have placed co-operatives in the commercial sector and have separately analyzed housing co-operatives. In principle, both forms of organization act as associations with individual membership, democratically elected management, extensive autonomy and a significant amount of voluntary work done in many of the co-operatives. The co-operatives fail the nonprofit criterion, however, because the members are able to benefit from the profit or the added value in the co-operative. Self-help groups are the last of the types of organization looked at that do not comply with the definition of the voluntary sector, which we have placed in the informal sector because they are typically closed, temporary and relatively informally organized groups.

sponsorship, supply of voluntary labor and private contributions), especially beneficial rules and laws, competition between the sectors, etc.



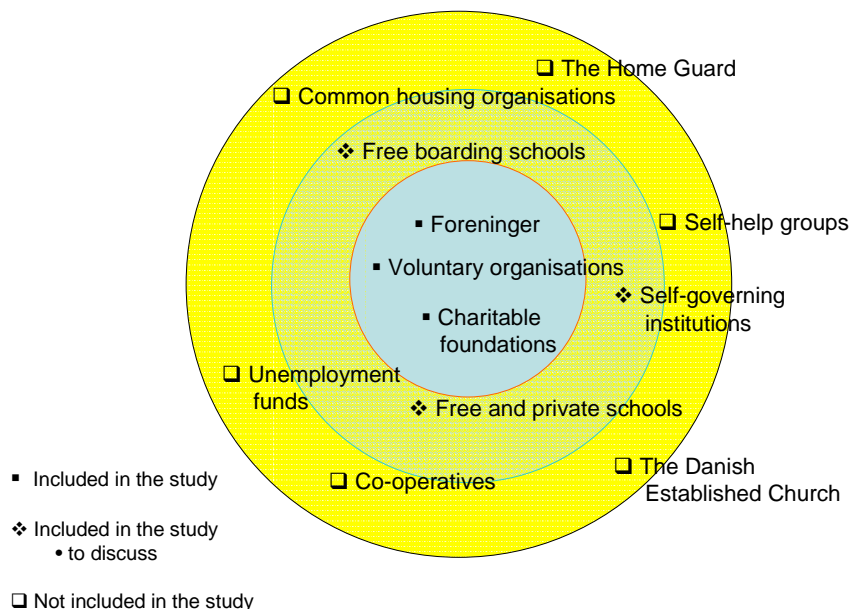
The study shows that it is quite difficult - and chance plays a certain role - to delimit the voluntary sector empirically.

1. First, it is difficult to draw the line between the informal and the formal sector, or that which in the definition used in this study is referred to as the requirement that the unit must constitute an "institutionalized reality" (legal status, organizational permanence, formal objectives and structures, an address, etc.) to belong to the voluntary sector. This criterion has only been a problem for one of the types of organization - the self-help groups - which we have discussed above: but that also illustrates a general problem, because self-help groups are a relatively new form of organization and there is a widespread assumption that small, formal and often temporary groups, networks, etc., are becoming more popular and do not have the same formal nature as associations, nonprofit institutions and nonprofit foundations (Christensen and Isen 2001). This makes longitudinal studies and international comparisons difficult.
2. Second, it is difficult to draw a clear line between nonprofit and for-profit organizations. On the one hand organizations, which are dominated by a "market-rational" but do not share the profit between the members will belong in the voluntary sector, as it is defined in this study. On the other hand, the co-operatives do not fall under the definition even though many of them a) have links with voluntary social movements (e.g. the co-operative movement's historical and ideological links to the free schools), b) are organized as an association with individual membership and a democratically elected leadership, c) are private and independent of the public sector (significantly more than some of the forms of organizations which are included under the definition), d) fully live up to the requirements about autonomy, e) and involves a significant amount of voluntary work (especially on boards and committees.) Finally, it should be mentioned that the nonprofit concept is not completely unequivocal. Members of cooperatives do, of course, benefit from the profit or increasing capital (e.g. housing co-operatives). A return in a co-operative is however,

always associated with a specific service (purchase or sale of goods, right to use a home, etc.) and not a result of a capital investment.

3. The final – and major – difficulty is, however, to draw a line between the private and public sectors. The national Church, the Home Guard, the unemployment funds, the common housing organizations and the public foundations and nonprofit institutions are not included under the voluntary sector above because, in principle, the state or local authorities have the final responsibility for them. However, both the National Church and the Home Guard have voluntary and individual membership, a lot of voluntary work is done in both institutions, they do not aim to make a profit and there is more widespread autonomy in both institutions than in several of the other forms of organizations that we have included under the voluntary sector. This is the case with the free and private primary schools and the free boarding schools. These two forms of organizations are private and formally independent of the public sector but they are actually subject to significant public-sector and political management control (as a pre-requisite for obtaining the public-sector funding upon which their existence depends in reality), and the voluntary work constitutes only a small proportion of the total work done by the organizations.

It is, therefore, impossible to delimit the voluntary sector unambiguously and empirically. The criteria for when an organization is “an institutionalized reality,” is nonprofit and is “private” and “self-governing” are quite simply too imprecise for that. Which forms of organizations are included has, therefore, consequences for any mapping of the sector and its size. This can be illustrated by the diagram below.



If we place strict requirements on the criterion that the organization has to be private and self-governing (but not necessarily financially independent), then the voluntary, nonprofit sector in Denmark includes ordinary associations, general-purpose foundations and relatively nonprofit institutions, which are not subject to special legislation and do not have an operating

agreement with the public sector. If, however, we apply less strict requirements to this criterion, the voluntary sector will also include the forms of organizations inside the second ring, i.e. free and private primary schools, free boarding schools and the many self-governing institutions in the fields of elderly care, childcare, etc., which have operational agreements with the local authority. If, however, we apply the broadest interpretation of the voluntary, nonprofit sector in Denmark, it will also include the forms of organizations that we have chosen to disregard in this study and that are placed in the outer ring, above, i.e. the Home Guard, the Church, unemployment funds, the common housing organizations and cooperatives.

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