

## **"Associations" in France : user needs, gaps and international issues in services statistics**

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**Abstract :** *The "association" is a French specific non profit organization, in the sense that it is not legally defined as a particular category of corporations or enterprises, but as the opposite form of organization to the profit enterprise.*

*With a view to include associations in the statistical system on enterprises, four issues are examined in this paper :*

- what association should be registered ?*
- autonomy/dependancy of associations and the "market/non-market" criterion ;*
- what concept of voluntary work is needed ?*
- what associative production is to be measured ?*

*The answers to these questions may depend on national particularities : in the case of France, the registration of enterprises is, first of all, organized to meet the needs of official services before cognitive needs ; thus, the question of a proper registration of associations may be a national gap.*

*The three other questions raise fundamental issues which can be extended to all non profit organizations, including public services ; they are proposed for international discussion. Among these issues, the possibility of a relevant*

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<sup>1</sup> **Acknowledgements :** *In preparing this paper I have relied on the contributions of the members of the Mission and of the Task Force established to propose a statistical system on associations. Special thanks are owed to Mr Guy Neyret, President of the Mission, Mrs Ann Chadeau from OECD, and Mr Hugues Picard from INSEE, for their comments on early drafts of this paper. The opinions expressed are those of the author, and not necessarily those of the persons quoted above.*

*description of the autonomy/dependancy of non profit organizations, with a view to overcome the deficiencies of the "market/non-market" criterion, is a crucial point.*

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At the eve the third millenium, after fifty years of hard and continuous progress in the development of statistical systems, it may seem rather puzzling for a modern society to discover that large parts of its organization are statistically unknown.

This somewhat mortifying statement has been recently established, in France, at the time the Prime Minister incited its government to open a dialogue with the associative movement, a component of the so-called "non profit sector" or "third sector", and a component too, of the "civil society".

How many associations are actually active in the country ? A hundred of thousands, some hundreds of thousands, more than one million, nobody knows. What is the amount of grants transferred from public funds ? The government does not know. How many people involved in the activity of such organizations ? No official figures exist.

A year ago, a Mission and a Task Force were established with the support of INSEE, in order to propose a statistical system which would tackle these questions.

After some months of in-depth work with the representatives of associations, with officials from the ministries involved, academics and experts of the domain, some preliminary conclusions can be drawn ; besides the national gaps, some more fundamental issues may be of international concern.

## **1. The "association" is a specific non profit organization**

The word "association" refers to a legal status defined in an Act voted by the French Parliament in 1901.

An association is a contract between two or more persons, natural persons or legal entities, which, in most cases, is registered in the local "Prefectures". But, it is not an obligation to declare the creation of an association to that local authority : the existence of an association may be accepted by a court, even if it is not officially registered. A famous example of a non declared association is the French Communist Party.

One of the rare obligations assigned to these entities is that they should be non profit, in the sense that they cannot distribute any eventual profit to their members. This condition is mandatory. Experts in legal matters say that the associative form is not defined as the symmetrical, but as the opposite one of the corporation. According to the information that the Task Force could gather on foreign regulations, this feature appears as a national specificity, with a consequence for statistics.

When the profit and non profit legal status are considered as symmetrical forms of enterprises, their registration can be organized on a common basis. At the moment, the French situation is quite different : the associations are not entered into any professional register, such as the Register of Commerce and Societies, for normal corporations ; the documents filled by the associations on the occasion of their creation, of a modification in their management, of their dissolution, are neither centralized, nor their computerization organized on a standardized basis. Finally, there are no links between the Prefectures and the INSEE, to update SIRENE, the French register for enterprises and public entities, in the association sector.

Also, after its creation, an association may have no further relations with any public organization, in the course of its existence ; it is not compulsory at all to report to anybody about its activity, its accounts and so on ; it is not even compulsory to keep accounts, and, in the case of dissolution, if, legally, an announcement has to

be delivered to the local Prefecture, in fact, no penalty occurs when this formality is not accomplished.

The basic principle of the 1901 Act is freedom, and the sole real constraints upon an association can be enforced only by the association itself ; they appear then in its statutes.

All these comments concern, of course, only associations which have relations with no other persons than its own members ; if the activity of an association overrides this private circle, it has to comply with the Civil Law, in général, and any other request of an official service concerned by its activity.

At present, the total number of associations existing in France is unknown. About 250,000 associations are enumerated in SIRENE, but this figure is certainly an under-estimation, since for a large proportion of the associative sector, registration is not compulsory, but voluntary.

Estimates proposed by academics who have surveyed the non profit sector in recent years, conclude to a figure three times larger ; but a recent report of the Ministry of the Interior, using another method, has almost doubled the previous estimates.

Finally, the main problem underlying this statistical gap is the lack of a clear concept of the existence of an association. The problem has been faced several times in the course of the development of SIRENE, and it has to be re-examined.

## **2. A review of the public information about associations**

Because of the diversity of the origin of their financial resources, most associations will be classified in three institutional sectors : non-financial corporations, general government, non profit institutions serving households (NPISH) ; in the 1980 version of the French National Accounts, the associations employing less than two employees have been classified with households ; rarely, some may appear in the financial corporations sector.

The great majority of the associations carry on a non traded activity, and, therefore, is excluded from the scope of enterprise statistics and surveys.

The first who have tried to investigate the associations were experts in social statistics, with analyses of the associative demography, questions about the behaviour of people towards associations in the household surveys, and an experimental elaboration of employment and wage statistics for that sector. It is

only since the beginning of the 90's, that some academics made an attempt to collect accounting data on a systematic basis ; one of these attempts was planned to be used by national accountants in order to improve the quality of the 1990 basis for the NPISH sector.

Finally, almost no public information is available in the field of economic and enterprise statistics ; the review needs to be extended to the information potentially usable. A brief summary focusing on the issues of registration, employment, labour force, and production is given hereafter.

### ***2.1. A category of legal entities not systematically registered***

To bypass the difficulty previously mentioned of the registration of the associations in SIRENE, it was decided that only those which meet one of the three following conditions would be systematically identified and recorded :

- employ at least one employee ;
- pay tax ;
- have received financial support from the government.

To update the register in conformity with the first condition, the INSEE can rely on the Social Security organizations, where jobs must be declared by employers, and relies on the Tax government to meet the second condition ; for lack of a government associate which would have provided SIRENE with the necessary information, the third condition has never been applied.

In total, about 105,000 associations having one employee or more are registered, and some thousands having no employee, but paying tax. When an association is registered, it is recorded with an identification number, a classification code, and other codes as well as any other legal unit ; if relevant, local units are registered too, with their link with the association.

The quality of SIRENE on the "associative sector" cannot, of course, be assessed globally : broadly speaking, the quality of the subsector defined by the previous conditions, is sufficient for statistical purposes. Nevertheless, some problems have been pointed out : one deals with the classification code, a large proportion of associations being classified in the "n.e.c. class", which gives no indication as to their activity ; another concerns the so-called code "market/non-market", used by national accountants to classify the production units in the institutional sectors.

For these other associations identified on a voluntary basis, - about 140,000 entities - the quality of SIRENE is obviously quite bad, due to the lack of checking at the time of registration and the lack of updated information.

## ***2.2 A rough enumeration of jobs***

Employment statistics come from statistical surveys and administrative sources. The existing surveys, whether household or establishment surveys, will not provide easily information on the jobs managed by the associations : in the first case, persons may ignore the legal status of their employer ; in the second, non-market units are generally out of the scope of establishment statistical surveys.

As jobs must be declared to social security organizations and to tax authorities in order to fix the amount of the social contributions to be paid, some administrative files are produced and transmitted to the INSEE. The identification number of employers is reported in these files and by matching them with SIRENE, it is possible to include the legal status code and thus, to get for the associative sector, the same statistics as for other categories of employers.

Following this method, it could be determined that the associations employ, in total, about 1,200,000 employees, that is to say, about 6 % of the salaried labour force in France. Another impressive figure is the contribution of the associations to job creation : among the 120,000 jobs created during the year under review, about 40,000 were created in the associative sector.

These are impressive but "rough" figures, in the sense that they do not give any indication about the type of jobs created, and that they do not indicate if these jobs are full or part-time. Also, most of the academic surveys conducted in the past ten years, conclude to a large spectrum of employment situations, ranging from full-time jobs with indefinite term contracts to short term jobs, with a significant proportion of occasional and punctual tasks such as lectures, training courses in sports and recreational activities, and so on. To qualify such a wide spectrum, the expression "continuum of situations" has often been used. The use of the term "continuum" leads to a somewhat controversial point : is the continuum a specificity of employment in associations ? or is it a peculiarity of the sectors where most of them are active, whatever the legal status of the organization is ?

Obviously, a simple count of jobs is not enough, and further description is needed. Another difficulty deals with the measurement of unpaid work :

- an employee may not be paid by the association where he works, but by a third organization which will be, in most cases, a local government ; the academic surveys done at the beginning of the 90's indicated that a proportion of 15 % of the labour force used by associations was of that kind ;
  - the main gap, of course, concerns the lack of statistics about volunteers.
- Finally, the statistical challenge in this domain concerns not only the current employment but also the whole working force used by associations.

### ***2.3 The greatest gap : production and financial resources statistics :***

Almost the totality of associations are in the service sector, and a large majority in non traded services. Thus, it is clear that the availability of production statistics is much more problematic than that of employment statistics.

The production statistics of the service sector come, in France, from two main sources : the Tax authorities files and the annual survey of INSEE. Only a minor part of the associations is recorded in Tax files, those which, although non profit because of their legal status, are considered as "lucrative" according to the criteria of the Inland Revenue ; these are known as well as other tax-payers, but for those which are exempted, contrary to a general rule, they have no form to fill in, and therefore, remain unknown.

The presence of associations in the annual survey on services is anecdotal : about 1,000 associations with a turnover of \$1.6 billion. In the Revenue file, with a larger activity coverage, about 5,000 were found with a turnover of \$5 billion and in the VAT file, about 25,000 associations with a turnover of \$10 billion. In terms of employment, the VAT file, the source which has the best coverage, registers only one fifth of the associations.

For the remaining ones, the associations which do not trade their services, it was checked that almost no figure was available. For public legal persons acting in non market activities, a direction of the Ministry of Finance, the Direction of Public Accounts centralizes the accounts of government and local government services. But the association is a private legal person ; especially, those which ask for public financial support, have a lot of forms to provide, including, most of the time, their accounts, but these documents are heterogeneous and scattered over a number of administrative departments.

Some activity statistics exist for a part of the non-market associative sector, mainly the number of hours worked in the sanitary and social establishments which are managed by associations as well as by other legal persons. But for the other associations which are not regularly surveyed by the ministry of Health and Social Affairs, even the precise type of service that they provide, may be unknown. Here is a large gap !

In terms of information potentially available, the previous review is above what was expected, even if some important gaps have been localized. Having this review in mind, the Task Force has concentrated on an inventory and analysis of user needs with a view to "translate" these needs into statistical demands, and finally to elaborate organizational proposals.

Some of the gaps raise conceptual problems, the premises of which stem from certain peculiarities of the French legal environment ; at the national level, such problems go beyond the sole association sector with in-depth issues about the delineation of employment, work, production, activity and so on. All of these general questions have an international aspect.

Four issues will be examined hereafter :

- what association should be registered ?
- autonomy/dependancy of associations and the "market/non-market" criterion ;
- what concept of voluntary work is needed ?
- what associative production is to be measured ?

### **3. The "private life" sphere and the public sphere**

During 1995, about 70,000 creations of associations were registered, three times more than 20 years before. On the basis of such figures, some people have qualified the phenomenon as an "association boom". The registration of the creations of associations is organized in such a way, that the number of creations cited above is quite reliable : a Direction of the Prime Minister's Office, the "Official Journal", has to publish the announcement of the creation of a new association, no later than one month after the date of its declaration in the local Prefecture. On the contrary, it is well known that the declaration of dissolution is rarely achieved in due time, as the deficiency of such a declaration is of no consequence : during the same year, only 8,000 dissolutions were registered ; a few years earlier, that figure was much more smaller, because ... previously, the formality was charged for.



Thus, no one can conclude about the real demography of the associations ; other experts have some doubts, observing that during the same period, the membership of the population, which may be known through household surveys, has remained stable. What the real demography of the associations is, nobody knows, and that is the first need.

An assumption for the understanding of the so-called boom could be the multiplication of associations created by legal entities, by government and local government themselves. In recent years, some judicial affairs revealed that the association status has been used for getting round the rules of public accounting. Whatever the real importance of that phenomenon is, the citizen is shocked to learn that some legal persons can manage important financial transfers, possibly public transfers, without being registered and therefore known by the authorities. Many debates, some hard controversies have occurred on this issue, and now, everybody, including the representatives of the association sector who suffer from the consequences of these controversies on the notoriety of the associative movement, ask for more transparency.

Lastly, there is a demand from the research sector which looks for a reliable base in order to draw samples and run their surveys. Due to the lack of such a basis, the costs of data collection increase and the quality of the results decrease with the size of the association, the quality becoming rather hazardous for the smallest associations, - the ones without employee. The deficiency of a central base which could accumulate the information provided by various surveys, results too, in a lack of efficiency.

All these needs converge to a simple idea : why not to register all the associations, if possible, in SIRENE, which is the interadministrative register for legal units, or, if not, in a special register designed on the same model as SIRENE. It was recognized that such a "simple proposition" will come up against main legal and technical difficulties.

In France, the 1901 Act joins two liberties, first, the right for citizens to create a group and to join together, a natural person freedom, and second the freedom of the created legal person to develop towards its chosen aim, a legal person freedom. From the beginning of the 70's, when a Minister of the Interior attempted to put some conditions on the creation of an association and was not approved by the French Constitutional Court, the natural person freedom has acquired, in France, a constitutional status, the highest legal status for an Act. Obviously, the creation of a register would imply some supplementary obligations, at least, with a

regular declaration of the existence of the association, and therefore, a modification of the 1901 Act ; such a legal fundamental revision will not occur for sole cognitive needs.

Whatever the legal problem is, one who would like to create an association register would have to face technical difficulties too : at first, a census of hundreds of thousands, may be millions of legal persons, in order to initiate the system. Fully aware of that difficulty, a member of the Task Force proposed a ten-year delay to create such a register. In fact, a new government department would be necessary to manage such a business.

Finally, even if an association register existed, a main technical difficulty would still remain for the statistician : for the purpose of making national accounts for the NPISH sector, or for making "enterprise statistics" on the associative sector, the statistician will not need all of the information, but a clear threshold above which he will retain the legal units as institutional units, or as enterprises, and below it, he will not take them into account.

About the statistical gap, the 1995 European System of Accounts (ESA) is not clear : the paragraph about NPISH indicates only that "when these institutions are of a narrow importance, their operations should not be recorded in the NPISH subsector, but integrated with those of the household sector". But, nowhere, is there any criterion specifying what "a narrow importance" is. If it means importance in monetary terms, of course, a lot of small associations will be eliminated, but also an important component of the activity of large associations, the "non economic" part which is based on donations of time, will be ignored. If so, the national accounts cannot give any reliable answer to the user needs.

What about enterprise statistics ? At the european level, an enterprise has been defined as "the organizational unit producing goods and services and enjoying a certain autonomy of decision" ; it is added that, to carry on its activity, the enterprise has to assemble production factors, and to contract with third parties ; of course, no enterprise can exist without the support of a legal unit.

This last definition is larger than the preceeding one, as it does not mention the "condition of a minimum importance" ; at the same time, one can notice that it is not said that production factors should be paid for, and that the contracts should be in monetary terms.

On that basis, it may be possible to imagine an extended definition of the enterprise, taking into account explicitly those entities, making use of non monetary

factors, and producing services rendered on a free basis ; it is proposed to call such an enterprise, "an organised enterprise"<sup>2</sup>.

Therefore, instead of asking what association should be recorded, the question may be turned into "what association should not be recorded in a statistical file ?"

Within the Task Force, the proposal has been drawn to distinguish among the associative sector, the entities clearly acting in the "private life sphere" from those which develop a project interesting other persons than their sole members. That proposal is based upon the observation that, in perfect accordance with the spirit of the 1901 Act, some associations wish expressly to develop with their own means and, at the same time, to remain anonymous. On the other hand, associations, may be as small as the previous ones but with a project interesting other persons than their own members, look eagerly for a recognition of their existence.

To-day, it seems that such a difference of behaviour is induced by the fact that a lot of municipalities in France have taken the initiative to publish "Association Yearbooks", in parallel with the organization of "Association Houses" and, more generally, other initiatives in favour of the associative mouvement.

To check the relevance of the proposed criterion, public versus private sphere, some further studies would be necessary. A way which can be explored in France might be the design of a panel of associations sampled from the file of the creations of a given year, and by following this panel over a period of time, at first, to precise the boarder line between public and domestic spheres, and then, to identify the cursus of the associations initially created in the private sphere and evolving towards the public sphere with the professionalization of its activity, and the enlargement of its project.

If that test were positive, a registration on a voluntary basis would have a statistical meaning. Of course, not all volunteers will be automatically qualified by the statistician as an enterprise or a quasi-organization ; at first, they should be recognized as "producers" according to a concept of production which is to be defined, and they should also be, autonomous, a question which leads to the following point.

Those which would refuse to be registered, could be assumed to expressly deny the relevance of any valuation of their activity in statistics.

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<sup>2</sup> vs a close group of persons acting for themselves.

#### **4. Crucial point for a statistical system on associations : autonomy/dependancy and the "market/non-market" criterion**

One can consider that, as the associations are private legal entities, such a qualification implies automatically that they are autonomous entities, and therefore, can be registered as any other legal unit ; yet, at the moment, that is, roughly, what is done.

But the reality is somewhat more complex. Many associations have so intimate or close links with government or local government, that they are qualified as "para-administrative" entities ; on the other hand, some "para-commercial" associations are so-called because their links with the market or with the enterprise which has created them, are so close that it may be rather difficult to identify their associative feature.

A main aspect of user needs are the needs of the representatives of the associative sector : their request to INSEE is that statisticians propose criteria in order to sort out the sector, eliminating the "para-somethings" and keeping only the real autonomous associations ; the answer to this demand implies some analyses of the links between the associations and other entities, at first.

In order to determine the degree of autonomy of an entity, the European regulation about units states a check list of potential links : membership is qualified as "the weakest form of link, although it can give some control through voting rights in the Administrator Council election" ; then, contractual relations, ownership and capital links ; finally, control is the strongest link.

With regard to associations, three basic categories of situations can be considered according to the nature of the entity in relation with another association, a normal enterprise or a government entity.

Between the associations, the most simple and usual links are of the "membership type", qualified in the text mentioned above as the weakest category of links ; of course, such an assertion is true when it concerns a natural person membership ; at every moment or at least every year, this member can decide to stay within or to leave the organization he belongs to ; in the case of legal entities, the membership links are of another nature, with a wide range of situations.

Membership links may be very strong when they are constitutive of the structure of the organization, generally called a Federation, and therefore described in its statutes. To some extent, these links may be considered as strong and as permanent as the ones existing in a government structure, with the main difference

that they are not officialised by any legal text, but only by an internal association regulation text.

The wide range referred to above goes from total control of a hierarchical type to the more subtle ways of influence.

At one end, some organizations look like a government structure, with regional and local offices which are under the control of a centre, although they are legal entities.

A structure may be found in the associative sector with affiliates, as in the private sector, with capital links : an example was given by a humanitarian association which, for ethical reasons, wants to externalise some of its social establishments by creating new associations to manage these units. The "mother association" calls these creations "affiliates", which means that they are under the complete control of the parent, with a Board of Directors and a management composed of devoted members approved by the parent.

At the other end, links are of the influence type, as, for example, the kind of membership which gives only the right to attend the meeting of the Board or of the General Assembly, but not to vote.

Finally, the most subtle and intangible links are the ones originating from the multi-membership of physical persons, who may participate to the activity of various associations, in so far as members or as representatives of another association. In some cases, the reference to that network of hidden relations may be the only way to understand a somewhat puzzling organization. Obviously, the observation of such relations is out of scope of current statistics.

Links exist too, between associations and enterprises, but they are more "incidental" than the other ones, in the sense that an association may create an enterprise, or an enterprise may create an association in response to the constraints originating from tax regulation, but also to take advantage of other particular regulations.

The most usual case deals with a profit activity which has grown and therefore must be transferred to a new profit affiliate, so that the parent association could keep its non profit status. Another common situation is the transfer of the patrimony of the association to a real estate society, under the control of the membership, with a rent paid by the association to the real estate society.

In some sports activities, in order to become member of a sports federation, - until recently, only associations could be members of such a federation - an enterprise creates an association, as a twin structure, to become a member of the sports

federation and also, to get access to governmental programmes in favour of the development of employment. Though important for the professionals who have to tackle these situations, and who protest about distortion of competition, such examples are not so frequent. Such a mix of profit and non profit structures is also fragile, in a way, as it depends strongly on the state of the regulation.

The oldest, most important and frequent links are between associations and the government and local authorities.

In the social and charitable sector, most of the important French associations are, at least, as old, and often, older than the "1901 Act". Roughly speaking, it is said that they originated from private initiatives taken to assume some government deficiencies in the domain of collective services.

As the private support became insufficient to provide the means needed by their development, these organizations have requested and have got public resources, of course, under certain conditions or, with the signing of some agreements. Step by step, a complex network of contractual relations has been woven between the public and the private actors.

At the moment, nobody can give precisely even the number of various types of agreements existing in the different ministries.

Another main reason for the development of such relations is more recent and has been quoted above : in order to get rid of some regulatory constraints, the public services themselves have created associations, more or less, under their dependancy. It is an issue for debate between those who pretend that these associations are nothing but "false noses" of official services which are accused of making use of this status only to get round public accounting rules, and those who reply that public accounting rules themselves are not adapted to the new problems of a contemporary society ; others point to the lack of a status which would allow natural and legal persons to join their efforts to tackle with some collective problems.

The three most frequent types of relations between the associations and the public sector are :

- the association, which is so close to the government or to a local authority, that it may be considered as an auxiliary to official services ;
- the association having one or more agreement(s) from one or several ministries ; roughly speaking, the agreement is a kind a contract which gives a label, and therefore facilitates the access to public resources, with as counterpart, the

obligation to respect some standards, to deliver regularly information to the Authority, and so on ;

- the public subsidy is the most frequent type of relationship, and may also limit the autonomy of the association when its resources come from a single financing source.

A general remark is that, in the last two cases, one can find similar situations in the "enterprise sphere, everything being equal" : an enterprise has to respect standards, to report about its activity, and so on ; an enterprise may depend strongly on one client, or on a small number of clients, so strongly that the professionals will call it a "captive enterprise", and will exclude it from their Union's list.

Even in the first case, the most simple and clear case, it is not possible, until now, to come to an objective definition based on a set of criteria unanimously agreed upon the parties concerned. If there is no doubt for a small number of individual cases, such as "the Association for the Professional Training of Adults", a large organization which is, de facto, an official service of the Ministry of Labour,- an example often quoted - the attempts to define what is a "para-administrative" or a "para-municipal" association have failed, up to now.

An assumption for explaining such a failure may be that the typical case, as the one previously quoted, might be rare, and that, in fact, the prevailing situation would be a cocktail of public links and private autonomy.

The organization of the French Red Cross (FRC) gives an interesting example of such a cocktail. The FRC is a single humanitarian association with a budget of \$700 billion, 15,000 employees and 700 establishments, hospitals, nurse schools, health centres ... Besides the medical and social establishments which account for 80 % of the turnover, the FRC manages a large network of volunteers, about 70,000 persons, who provide humanitarian services.

Every establishment has its own budget funded by social contributions ; so, these establishments are under the State's wing for their financing, a dependancy which is described in a special Act of 1975 : a surplus or a deficit at the end of the year must be used or funded at the level of the establishment, and cannot be transferred to another establishment belonging to the association ; the balance has to be used according to government regulations, under the control of the local service for medical and social affairs.

For humanitarian activities, significantly called the "association activity" by the responsible we met, the autonomy of the FRC is somewhat larger, at least for the

free use of funds gathered from private persons. Then, the association has to take, under its own authority, some strategic orientations : for example, as health centres show chronic deficit, the association has to elaborate a strategy to decide whether private funds may be allocated to services which are considered as public services by the FRC.

Does any right classification exist for such a mixed-type unit ? It must also be noted that the most interesting activity of the FRC for the association representatives is the minor one, in terms of turnover.

Before trying to summarize the main questions raised by the remarks reported above, it may be helpful to recall some characteristics of SIRENE.

Although managed by INSEE, SIRENE is, first of all, a register established for administrative purposes, for the co-ordination of the relations between official services and enterprises, with an aim to simplify and increase the efficiency of administrative tasks. At the moment, SIRENE registers more than 4 million entities with 2 million movements over one year. The main links recorded are the ones which exist between the legal units and their local units, for private legal persons ; for the problem under analysis here, it can be mentioned too, that a code, called the "market/non-market code", informs about the institutional classification of the unit, whether it is a market, a public non market or a private non market entity.

And that's all !

SIRENE registers not only private legal persons, but public legal persons called "organisms" too, in the so-called "SIRENE-public sector" ; of course, the two kinds of legal persons are not registered exactly in the same way, and the question may be asked too, of the right manner to register the associations.

For the public legal persons, the notions of "enterprise" and "local unit" were adapted, and it has been necessary to register some hierarchical links, especially between government units, in order to identify them, as the State is a single legal person.

Of course, at the moment, the associations which are private legal persons are registered as other private enterprises. Having in mind the previous descriptions of some organizations of the association sector, such a solution may look less than satisfactory.

Therefore, the question was raised whether it would be possible to register the federative structures, along the lines of what has been done for the public sector ; this suggestion raised more difficulties than benefits.



At first, one can object that these links are described in private texts, not in official and public texts ; all of these links are not structural and, to some extent, everlasting, as the public hierarchical links ; moreover, the various government authorities which are the daily users of SIRENE do not ask for that information, as the regulations they are in charge with do not care about such links.

Thus, the observation of the links does not have its place in SIRENE, but in a separate file updated with ad hoc research works and surveys. Attempts for drawing typologies of the various situations of dependancy and autonomy are to be experienced. From the analysis above, two factors can be identified as a starting point :

- the duration of the link, structural, when it is inscribed in the statutes, versus contractual ;
- the intensity of the link, control versus influence.

The various types of statutes and contracts have to be explored ; another area of investigation will be a search for indicators about democracy within the organization.

No international official classification exists in that domain, at the present time. It is a major gap, not only for the possible harmonization of future statistics about non profit organizations, but, mainly, for a relevant description of the differences in the organization of the supply of certain services, mainly, health, social, educational, cultural and sports services. The criterion "market/non-market" is too simple and restrictive to meet the complexity of the relations between private, public agents and NPISH, and not relevant at all to take care of mixed types of situations.

## **5. The need for a concept of "organized" voluntary work**

Among the problems raised by the measurement of the labour force used by the associations, special attention needs to be devoted to "voluntary work", in French, "le bénévolat"<sup>3</sup>, i.e. the generally unpaid work, except the refunding of some unavoidable expenses, as travel and food expenses, volunteer outfits ...

Some measurements of the population of volunteers were attempted by academic people in France, in relation with international comparison projects<sup>4</sup>. The

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<sup>3</sup> A proxy for the French term "bénévolat" ; in France, "volunteer" refers to an official precise status.

<sup>4</sup> The John Hopkins project and Eurostat project.

experiment was based on a population sample, with a questionnaire about the voluntary actions performed during a period of one month, one year, and so on ; due to the broad concept of voluntary work retained for such approaches, the survey has concluded to millions of volunteers in France, roughly 9 million, which means almost one adult out of four !

Although interesting for the analysis of the behaviour of the population towards solidarity problems, such approaches do not meet precisely user needs in the present issue :

- policy-makers are in favour of the promotion of voluntary work, but not, of course, on the scale of millions of people ; a special Fund exists to develop the training of volunteers with a budget of \$100 million ; more generally, what relations exist between voluntary work and employment is a question of utmost importance ;
- this question is important too for the associations which ask for a comprehensive description of their activity ; a description which would take into account only those jobs defined as such by the ILO and not at all voluntary work, would have no meaning, especially for some large humanitarian associations where the main function of the employees is to manage a network of volunteers, network which may be a hundred times larger than the paid labour force of the association ! Paradoxically, the reverse situation exists too, with volunteers managing employees, as it is in a domestic aid association.

Another significant example deals with the situation of "listeners"<sup>5</sup> in the association "SOS-Friendship" ; these volunteers have to engage for three years ; there is a selection for their recruitment, the signing of a contract, and a regular audit of their results.

Some similar case occurs with a "life unit", an establishment for people at the end of their life, that the FRC plans to open in the Eastern part of France : the personnel recruited for that unit, although voluntary, has been selected, and a contract has been proposed quoting their rights and obligations.

All of the previous examples show voluntary work which is very close to the ILO definition of a job, except for the fact that they are not paid. Clearly, this work is in the sphere of what has been called by the Task Force the "organized voluntary work", as it is a factor of the "organized production" of the association.

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<sup>5</sup> A listener, a listening person, for in French "un écoutant" holds phone conversations with grief-stricken people.

As the people concerned work on a regular basis, they are registered within the association ; this registration is a favourable opportunity for statistical surveys.

Before examining the possibility of a systematic conceptualisation, a second set of needs dealing with the valuation of volunteer work has to be reported.

The French Accounting Scheme for the Associations, - le Plan Comptable Général des Associations - recommends, though not compulsory, to value the voluntary work in an annex table to the current accounts. Some of the associations we met, have already started this valuation.

The method generally used by the associations, as there is, at present, no general guidelines for the valuation of voluntary work, consists in classifying the volunteers according to the nature of the main functions they assume within the organization ; their volume of work is estimated and valued on the basis of standard rates corresponding to the nature of the work performed in the association, and not to the salary earned by the person in the job that he may perform outside of the association.

Finally, a conceptual problem deals with the border to be drawn between the tasks which have to be included or not in the work sphere. A similar question has been explored in the near past by the National Accountants with the valuation of unpaid household tasks ; a criterion has been defined, the so-called "third person criterion", according to which the household tasks could be split between work and leisure ; if the task can be performed by a third person, it is considered as work, and if not, as leisure.

Unfortunately, this concept cannot be extended immediately to a large variety of associative activities : militant activities should be excluded from work ; social activities, as the one performed by a volunteer who visits prisoners should, probably, be excluded too ; and a possible inclusion of these activities in the domain of leisure is, of course, meaningless and, to some extent, unacceptable for the association representatives.

Some associations tackled this difficulty and have practically retained a concept very close to the previously mentioned one : the basic principle is the same, that is to say that only tasks which might have been done by somebody else, as filling in a tax form, for example, are retained as voluntary work ; the application is slightly different in the sense that they exclude from work only the activities which are related to the "associative life" in general, such as the attendance to a meeting of the General Assembly, for example ; they keep, of course, in the work sphere, all the activities dedicated to the achievement of the aim of the association.

With regard to the concept of "organized voluntary work" which remains to be defined, it may be necessary to distinguish between "organized" and "non organized" work. As far as enterprise statistics are concerned, it is clear that only the organized part of the association sector will be surveyed, in other words, those associations which have an organized production.

May such an association make use occasionally of "non-organized work" ? If the concept of "organised voluntary work" were restricted to the existence of a contract or of something equivalent, the answer is certainly affirmative, and thus it will be necessary to distinguish between both.

Further progress will necessarily involve the participation of the associations concerned. It would be important too, to gather information about the position of volunteers towards work in order to elaborate further international criteria.

Some of the questions raised above are, of course, closely related to the measurement of production.

## **6. The measurement of the production**

99 % of the associations are in the service sector, and a large majority, more than two-thirds, in the so-called "non-market activities", such as health and social activities, educational activities, etc. and the "not elsewhere classified association", class 91.3 of the NACE.

Almost no accounting figures are available for statistical purpose on these non-market organizations : of course, they are excluded from the field covered by the "annual survey on services enterprises" ; almost no individual data are centralized by the Direction of Public Accounts, which would be the natural administrative source for such non-market entities ; consequently the figures concerning the associations which are used for updating the national accounts are generally estimates ; a specific survey on NPISH has been conducted for the base year, 1990.

The largest associations compile accounts on a yearly basis, in compliance with what ministries and local services which give them financial supports ask for. But, first of all, these documents are scattered among the various ministries and local services ; through the experience gained by academics, this accounting information is somewhat difficult to use as, at the moment, the accounting method has not yet been officially adopted ; some basic associative concepts as the subscription, the

subsidy or grant ... are not clearly defined and, thus, the corresponding figures are not harmonized.

At the international level, it may be useful to think of the preparation of an addendum to the general framework for statistics on services, which would cover these variables specific to this kind of enterprise, as subscription, grants ...

Some other tasks however seem to be more urgent, due to the poor knowledge about non-profit organizations in general : at first, even the nature of the production or of the activity of the association is, in many cases, badly known or totally unknown. 40 % of the associations registered in SIRENE are classified under the item "not elsewhere classified" ; another 40 % are classified under four general items, as "other educational services", "other social services", and so on.

Of course, the classifications should be improved for these "non-market" services, as they have been for other service sectors in the recent past.

Another reason relates to the rule given to classify the associations. In the introduction to the French classification of activities (NAF), the example is given of an association delivering meals at home for elderly persons with voluntary personnel ; it is said that such an association should not be classified according to the characteristics of the service provided, - in which, it would be classified in the class "caterers" - but according to the particular nature of the association's activity, as a social activity. As the number of classes available for the description of social activities, and more generally, of the "non-market" activities is rather limited, a consequence of the preceeding rule clearly tends to hide the precise activity of the association.

But, even if the classification were more detailed, a category of associations would remain particularly difficult to describe, especially from an economic point of view, such as the "Movements" generally referring to religious, humanitarian, moral values ... Their "activity" deals with the promotion of their values through a network of militants ... Such organizations - one of their responsible said - do not aim at producing anything ; their sole purpose is political.

At present, they are "classified" in the "n.e.c. class" ; obviously, a special class will be needed for this particular category. The problem of the measurement of their production remains unsolved.

What would be necessary is a classification of associations according to their officially declared aim.

At present, the only figures available on the production of associations are "theoritically" national accounts figures, "theoritically" because these figures cannot

be obtained, as the association is not an institutional unit, but is scattered among three or four units. A lot of criticisms have been voiced by representatives of associations about the ESA approach to production :

- for non-market units, the production is valued as the sum of the costs involved in the process ; for the associations, a large majority of which produce non-traded services, such an approach basically lowers their activity. As in other service activities, the main cost is labour cost ; thus, through this method of valuation, the associations fear that they will be presented as producers of ... employment, and nothing else. Such a fear is justified. An official of the Ministry of Budget asked : what I would like to know is how many jobs are made available for an amount of x francs of public grants ?

- another cause for underestimation is the absence of valuation of the non paid factors ; it has just been shown that the organized voluntary work may be very important in some associations of the social sector, ten times more than the employed staff ;

- lastly, the associations consider that their first production is not the services they provide, but their contribution to altruism, or to what has been called in France, during the last presidential campaign, "the enforcement of the social link", and in other places the so-called production of "social value added".

The first of these questions calls for an enterprise statistics approach instead of the national accounts one. Besides accounting figures, some quantitative data should be collected, not only the number of hours worked, but the number of services rendered by type, the numbers of beneficiaries, and so on. Some associations have started this kind of data collection,- it has been called "branch statistics", to refer to the measures of production in physical quantities already done in the manufacturing sector - and it was decided to investigate more on the associations, to have a better knowledge of their experience in this domain.

A description and eventually a valuation of the non-paid factors could also be obtained through a survey. For these factors which contribute to the "organized production", the associations have data, files and so on, within their organization, because they wish to prove the real size of their activity to the official service which may support them.

Obviously, the last question is the most difficult one ; it is not even sure that it has a statistical answer. Although the previous version of the French method of National Accounts mentioned the possibility of enlarged concepts of production ... it seems that, no attempt has yet been done in this field. The issue will be left for research :

a call for tender is on hand at the Ministry of Social Affairs, about the general theme of the production of solidarities.

Another reason for not giving a priority to this issue, is that the Mission noticed that the associations are far from unanimous towards such a demand : clearly, they fear that a systematic quantification of such intangible items may be used to the detriment of their autonomy. It also implies that for some of them, the Movements, the production will be nil ?

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"Association" is a French legal form : the statistical gap is national. At this stage of the Mission, three international gaps can be pointed out, as the needs noticed here may have been met elsewhere : a better knowledge of the resources and the means used by non-profit organizations, a better knowledge of their activity ...

At first, the question put to the Mission called for a statistical system covering a legal status, "the associations referring to the 1901 Act", not more, not less. As the main objective is to extend the "enterprise statistical system" to this category, there is a difficulty : the system is basically organized on the concepts of activity, product, sector ; a new category defined on the basis of a legal status will be transversal to the previous approach. Obviously, it is preferable to keep the sector approach.

At least, for two reasons :

- the "associative sector" is heterogeneous, a factor of this heterogeneity, identified during the first phase of the Mission, being the domain of concern of the association ; it was recognized that the problems raised by a statistical observation were not the same for environmental, sanitary, social associations, for example ;
- the main reason was discovered during the second phase ; the associations themselves, in most cases, think in terms of activity, sometimes of "market", more than in terms of legal status ; in their federations, they sometimes accept the membership of bodies which do not have the "1901 legal status". Thus, the sector approach should be kept, and the priority gap, at the national and international level, is more in terms of "a better knowledge of non-market sectors" than of "a better knowledge of non profit organizations".

Concerning "non-market activities", two subsidiary questions can be proposed for international co-operation :

- a better description of the services provided and a better measurement of their production ;
- a better description of their resources, in order to get the possibility of relevant comparisons of the relative weights of market and non market sectors. At present, such comparisons are more than hazardous.