GŁÓWNY URZĄD STATYSTYCZNY
CENTRAL STATISTICAL OFFICE

THE THIRD SECTOR IN POLAND

ASSOCIATIONS, FOUNDATIONS, FAITH-BASED CHARITIES, PROFESSIONAL AND BUSINESS ASSOCIATIONS, EMPLOYERS' ORGANIZATIONS IN 2010

Statistical analyses and studies

WARSZAWA 2013

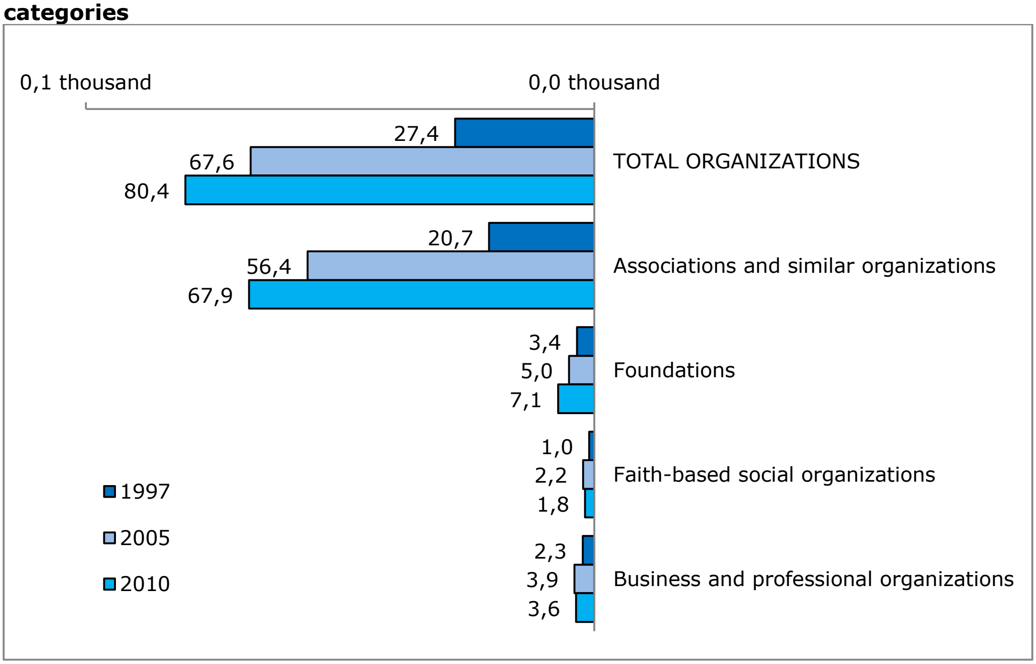
The state of the third sector and key developments in 1997-2010[1]

1. Number of active organizations

1.1. Number of active organizations sorted by their categories

In 2011, 38.2 thousand associations and similar organizations, foundations, business and professional associations including employers' organizations, and faith-based social organizations were selected from the sampling frame that comprised 102 thousand third sector entities; specialized forms SOF-1 and SOF-4 were used for collecting data. Responses received from 94% of the selected entities were sufficient to determine if they were active in 2010 and comprehensive data on their activities were provided by 23.5 thousand entities. Extrapolation of these results to the whole population shows that 80.4 thousand organizations of the third sector were active as of 31 December 2010.

Figure 1. Number of third sector organizations in 1997-2010 sorted by their categories



* The data in a series may not add up exactly to the total value due to rounding.

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[1] Authors: Sławomir Nałęcz, Karolina Goś-Wójcicka.

The total population that was subject to the survey consisted of:

- 67.9 thousand associations and similar organizations; the group comprised typical associations and similar organizations (32.2 thousand) and also sports clubs (18.4 thousand), voluntary fire brigades (14.8 thousand) and hunting clubs (2.5 thousand)
- 7.1 thousand foundations
- 3.6 thousand business and professional associations, including employers' organizations and 1.4 thousand farmers' organizations
- 1.8 thousand faith-based social organizations, i.e. organizations and institutions that provide social services and operate in conjunction with churches and religious groups.

An important group of entities covered by the study of the third sector was the pool of public benefit organizations (PBOs). They constituted 9% of the whole population covered by the study in 2010. The PBOs occurred most frequently in the group of foundations (23%) and least frequently (less than 0.5%) in the group of business and professional associations, including employers' organizations.

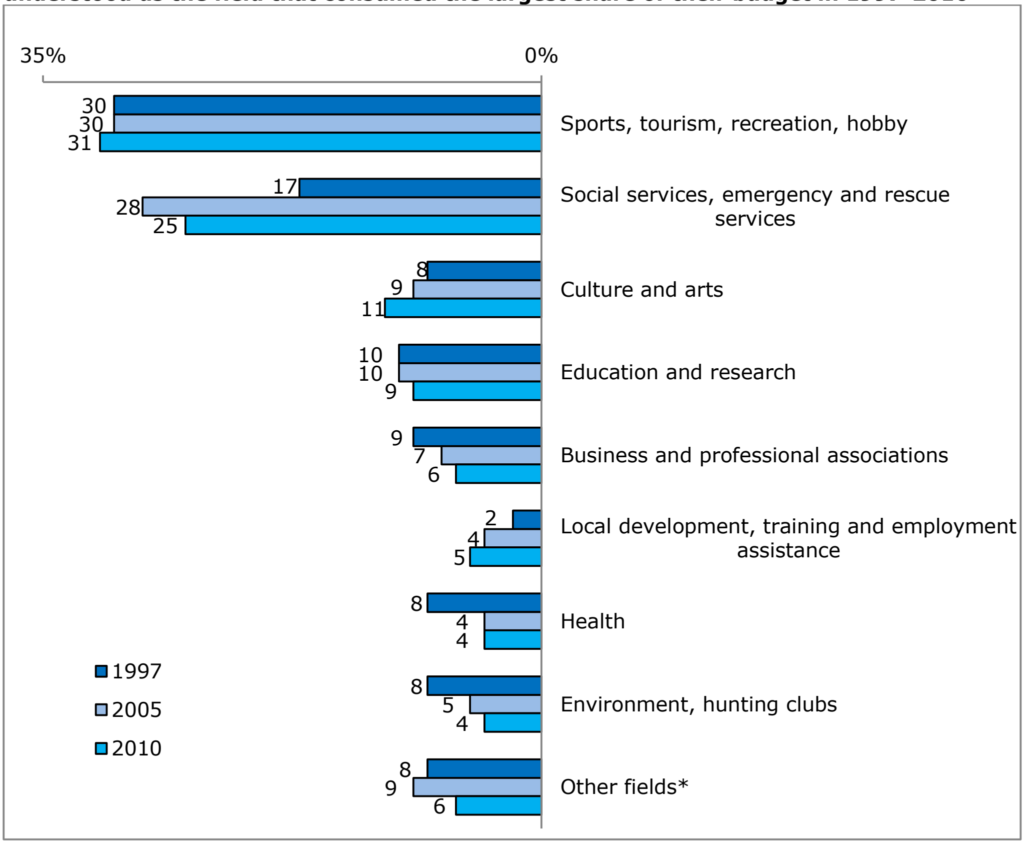
Compared to the first investigation with the use of SOF forms, which was conducted in 1997, there was an almost 3-fold increase in the number of active entities of the third sector in 2010 (dynamics 294, assuming the reference value of 100 in 1997). The dominating contribution to this high dynamics is due to the high growth rate in the largest groups of organizations, i.e., in the category of associations and similar organizations (dynamics 327, relative to the reference year 1997) and foundations (dynamics 211, relative to the reference year 1997). The SOF survey shows that the total number of entities in the third sector grew rapidly in 1997-2005 (an average increase of 5.0 thousand entities per year), whereas in 2005-2010 the increase continued, but at a twice slower rate (an average increase of 2.6 thousand entities per year).

1.2. Number of organizations sorted by their main area of mission-related activity, as evidenced by their expenditures

Having analysed the number of third sector entities sorted by the field of their principal activity (understood as the kind of activity that consumes the largest part of their budgets) one concludes that the most popular areas of activity in 2010 were: *sports, tourism, recreation and hobby* (31% of all organizations), *social services, emergency and rescue services* (25%), *culture and arts* (11%), *education and research* (9%) and *business and professional* activities (6%). *Local development, training and employment assistance* (5%), *environment, hunting* and *health care* (4% each) were less popular.

Although the size of the surveyed third sector has increased significantly, and especially the number of associations has increased much more than the number of any other type of third sector organizations over those 13 years, the distribution of active organizations according to their main area of mission-related expenditures has changed relatively little.

Figure 2. Third sector organizations sorted by the principal field of their activity, understood as the field that consumed the largest share of their budget in 1997-2010



* The aggregate category of *other fields* comprises entities, which indicated the principal field of activity whose share was 2% or less (*philanthropic intermediaries and voluntarism promotion, civic organizations*, *religion* or *international activities*) or were not able to decide on any of the 14 specific fields as the one, which consumed most funds for their mission-related activities.

In the period of 2005-2010, the largest change of 3 pp. occurred in *social services, emergency and rescue services*. These changes are larger and better visible in the period of 1997-2005; a major difference occurred in the category of *social services, emergency and rescue services* (increase by 11 pp. in 1997-2005), mostly as a result of registration of voluntary fire brigades as third sector organizations. At the same time, a significant decrease has been observed in the percentage of entities that were involved in *health* (from 8% to 4%) and in *environment, hunting clubs* (from 8% to 5%). Throughout the period of 1997-2010, there was a continued decrease in the share of organizations dealing with *business and professional associations* (from 9% to 6%), and simultaneously there was a continuous increase in the share of organizations that allocated most of their resources to *culture and arts* (from 8% to 11%) and *local development, training and employment assistance* (from 2% to 5%).

1.3. Number of organizations sorted by their location

Beside the analysis of third sector organizations from the viewpoint of their category and their principal field of activity, it is important to characterize distribution of third sector entities according to their territorial distribution at the voivodship level and their specific location.

In 2010, six out of ten organizations surveyed in SOF-1 or SOF-4 were located in cities, usually in large cities that had the status of a county, and less frequently in smaller townships. Cities that had a county status hosted a majority of *foundations* (73%), *business and professional associations* including *employers' organizations* but excluding *farmers' organizations* (59%), whereas *voluntary fire brigades*, as well as *farmers' organizations* were usually established in rural areas (91% and 90%, respectively).

At the voivodship level, the largest percentage of third sector organizations, as much as 16%, were headquartered in the Mazowieckie voivodship and more than half of them were located in Warsaw; the least number of third sector entities were located in the voivodships: Lubuskie, Opolskie, Podlaskie and Świętokrzyskie (3% each).

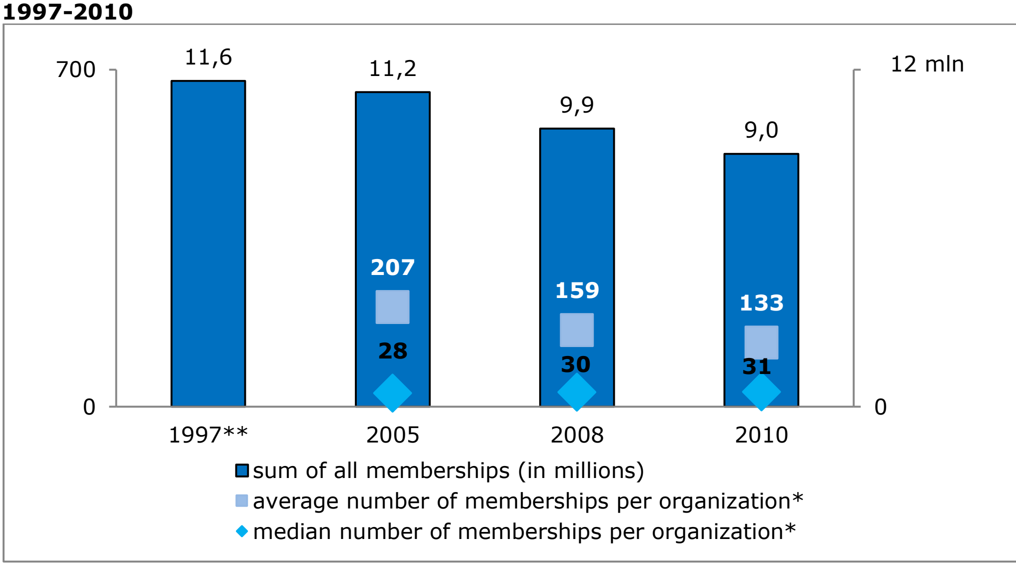
In terms of the accessibility of third sector organizations, defined as the number of organizations per 10 thousand residents, the highest accessibility in 2010 was observed in the following voivodships: Lubelskie, Mazowieckie, Podkarpackie and Wielkopolskie, with more than 23 organizations per 10 thousand residents, while the lowest accessibility occurred in the Śląskie voivodship (15.1 organizations per 10 thousand residents). In this context, it is worth noting that a significant increase in accessibility of third sector organizations results from the above-mentioned increase in the total number of entities in the non-profit sector. In 1997, there were only 7 organisations per 10 thousand people, whereas this number increased to almost 18 in 2005 and nearly 21 in 2010.

2. Memberships

Almost all active organizations surveyed with the use of questionnaires SOF-1 and SOF-4 (98%) declared having a membership base in 2010 (non-member entities declared participants of collective bodies as members). The third sector organizations had a total of approximately 10.4 million memberships, where the number was obtained by summing entries on membership lists of all surveyed organizations. Memberships of corporate entities constituted a very small fraction of that number (0.2 million). Therefore, the analysis focuses on individual memberships (10.2 million).

The largest contribution to the membership pool of the surveyed entities comes from *associations and similar organizations* (9.0 million memberships). Data from the SOF forms show that despite the large increase in the number of such organisations (by 228%) the number of memberships has decreased (by about 23%) in 1997-2010. During this 13 year period, the total number of individual memberships in *associations and similar organizations* dropped from 11.6 million to 9.0 million, where the decrease of 0,4 million occurred in the first 8-year period and the drop of 2.2 million occurred over the next 5 years.

Figure 3. The number of memberships in associations and similar organizations in 1997-2010



* Calculated for the group of organizations that reported the number of memberships.
** The median and the average in 1997 are not available.

The increase in the number of *associations and similar organizations* accompanied by the simultaneous drop in the total number of memberships in these organizations is the result of processes that have already been described in the specialized publication[2]; in brief, this is the result of a significant decrease in the number of memberships in large

[2] Nałęcz S., *Sektor non-profit* in*: Gospodarka społeczna w Polsce. Wyniki badań 2005-2007*, ISP PAN, Warsaw 2008, p. 146.

organizations, which dominated some increase in the number of memberships due to the growth in the number of small associations, with a smaller than average number of members. This is clearly visible from the studies conducted with the use of SOF-1 forms for 2005, 2008 and 2010, which are shown in Figure 3. During this 5 year period there was a clear reduction in the difference between the average number of memberships and the median, and not only because of the decrease in the average, but also due to some increase of the median. In 2005, the average number of memberships was more than seven times higher than the median, while in 2010 - only 4 times higher.

3. Voluntary work

Voluntary work, which is defined as free and gratuitous work toward the goals of a certain organization, is of great importance for the non-profit sector, as it confirms the real commitment of members of the organization, as well as those volunteers who are not formal members of the organization, to the mission of the organization (hereinafter both of these groups of persons are called volunteers). Their work not only confirms the bond between volunteers and a particular third sector entity, but it is often the main resource which these organizations base their activities on, because due to lack of other assets those organizations cannot afford to hire paid staff.

3.1. The number of volunteers

According to the survey of 2010, 85% of entities declared that they benefited from the voluntary and gratuitous work, but in the survey of 2005, the corresponding rate was 82%. In total, the surveyed third sector organizations declared 2.3 million volunteers who engaged to a greater or lesser extent in gratuitous work in the course of 2010, while in the study of 2005 they declared 1.6 million. Note, however, that these figures are based most often only on estimates made by surveyed organizations in the process of completing SOF forms, because those entities generally do not keep accurate records of the volunteer work. Moreover, the results of the study conducted by the Central Statistical Office (CSO) on a representative sample of the population indicate that in the course of 2010, almost one tenth of Polish citizens aged 15 years and older, i.e. about 3 million people, worked as volunteers in organizations similar to those considered in this study.[3]

3.2. The volume of the volunteer work

After converting the volunteer work time in all organizations surveyed with the use of SOF forms in 2010 to the full-time equivalent (FTE), it turned out that the volunteer work was equivalent to 38.8 thousand full-time employees. This result was about 39% less than the corresponding value obtained in the study conducted five years earlier.[4] Reduction in the total volume of the volunteer work time, combined with the simultaneous increase in

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[3] The cited estimates of the volunteer work come from the survey entitled *Volunteer work outside one's own household* (PNZ study), which concerned volunteer work in organizations similar to those surveyed with the use of SOF-1 and SOF-4 forms. The cited study, however, excluded faith-based social organizations and included organizations without legal personality (e.g. associations that did not have the status of a legal person), as well as similar structures that were not registered anywhere, such as most parent councils, local social committees, etc. More results of the PNZ study can be found in: Nałęcz S., Goś-Wójcicka K. (eds.), *Wolontariat w organizacjach i inne formy pracy niezarobkowej poza gospodarstwem domowym – 2011*, CSO, Warsaw 2013.

[4] For comparability of the SOF survey on the volume of the volunteer work in 2005-2010, the previously published data were adjusted with the help of the standardized method for converting hours of the volunteer work to FTEs.

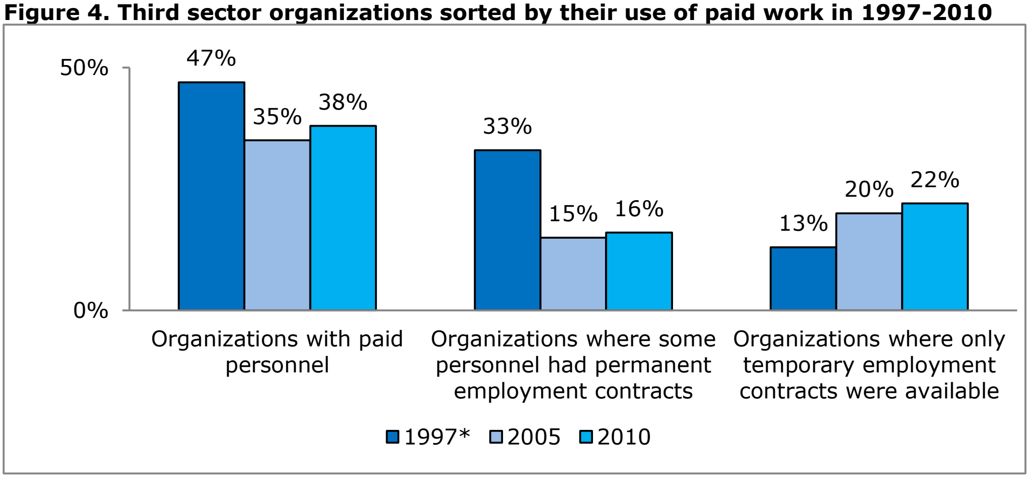
the number of organizations by 19%, indicates a decrease in the average number of hours of the volunteer work per one organization. In 2010, the group of entities that declared having volunteers reported on average an equivalent of one half-time employee, while five years earlier the corresponding parameter was twice as high. It seems interesting to note that in spite of the high decline in the average time of the volunteer work per one surveyed organization, the median number of hours of the volunteer work decreased much less, by one-third, and it amounted to slightly more than 0.1 FTE in 2010. The relatively small reduction in the median of the volunteer work time (by 33%), in the situation of the simultaneous increase in the number of organizations (by 19%) and a relatively large decrease in the average (by 50%) and the total (by 39%) volume of the volunteer work time, is probably due to the fact that new organizations have limited resources of the volunteer work and, at the same time, organizations that benefited from such work in 2005 note a decrease in the available volunteer work time. As a result of these developments, the internal differentiation of the surveyed third sector has decreased in terms of the volunteer work.

4. Paid work

4.1. Different forms of employment in the third sector

A permanent feature of the non-profit sector in Poland, as evidenced by the SOF study over the past 13 years, was that majority of non-profit organizations did not make use of paid work. As of the end of 2010, only 38% of the surveyed organizations used any form of paid work, of which 22% offered only temporary contracts and 16% offered permanent employment contracts to some employees (beside temporary contracts offered to other employees). The employment situation in the third sector has deteriorated since 1997, which is evidenced by the fact that the share of organizations with any paid staff declined by 9 pp. and the share of organizations that offered permanent employment contracts decreased by 17 pp., while the increase of 9 pp. has occurred only in the group of organizations that offered merely temporary employment contracts.

Figure 4. Third sector organizations sorted by their use of paid work in 1997-2010



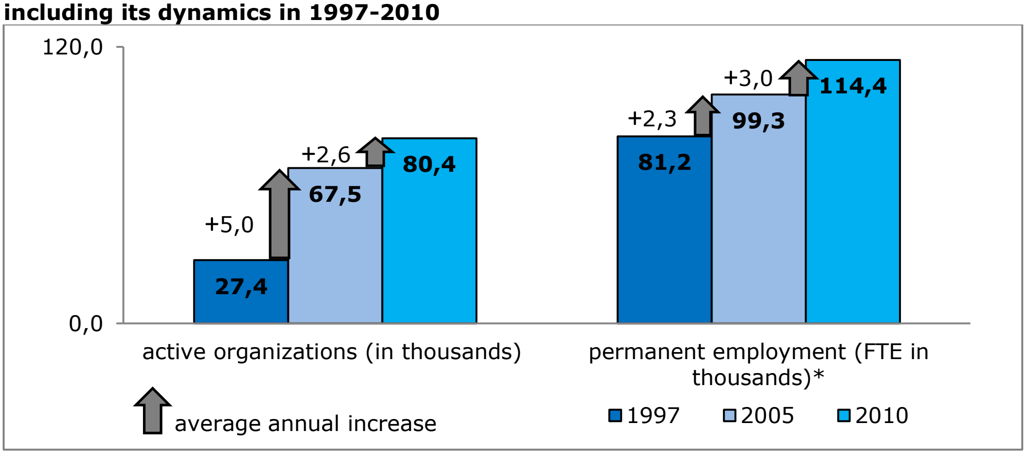
* The 1997 indicators were estimated based on SOF surveys, which provided data on percentage of organizations that paid any salary, wages or covered other employment costs in 1997. On the other hand, the 2005 and 2010 indicators were derived from direct questions on the type of the employment contract in the surveyed organizations at the end of the year. The 2005 survey allowed to differentiate between permanent employment contracts and temporary employment contracts, which helped to determine the 1997 estimates.

In the period of 1997-2005, the situation in the third sector in terms of paid work has deteriorated significantly, whereas in 2005-2010 there was a slight improvement. Between 1997 and 2005, there was a large increase in the number of organizations of the third sector (by about 40 thousand entities) and a very small increase in the number of organizations offering permanent employment contracts (by about 1 thousand). This resulted in the 18 pp. decrease in employment based on permanent contracts, which was partially offset by 7 pp. increase in the number of organizations that offered only temporary employment contracts. Simultaneously, the share of third sector entities that used any kind of paid work has declined by 12 percentage points in the same period of time. In 2005-2010, the number of third sector organizations still increased (by about 13 thousand entities), but at a lower rate, compared with the previous period; at the same time, the number of organizations that hired employees based on permanent employment contracts has increased more than in the previous period (by about 3 thousand), which resulted in a slight increase (by 1 pp.) in the percentage of such entities. A similar and even more pronounced increase has been observed in the group of organizations that offer only temporary contracts (their share has increased by 2 percentage points).

4.2. The volume of permanent employment and temporary employment

At the end of 2010, the surveyed organizations were the place of permanent employment for 132.5 thousand people, including 111.8 thousand employees for whom that was the principal workplace (in 2005 the corresponding numbers were 112.5 thousand and 100.4 thousand employees, respectively). As mentioned above, temporary contracts are the most common form of employment in the third sector; in 2010, there were 389.9 thousand people who worked such jobs, including 23.8 thousand people for whom that was the principal source of income (in 2005 the corresponding numbers were 302.5 thousand and 23.1 thousand employees, respectively). Having added all the people for whom the surveyed organizations were the principal place of work, i.e., those enjoying permanent contracts and workers on temporary contracts, it turns out that the non-profit sector generated 135.6 thousand of such jobs. In the 5-year period between 2005 and 2010, the number of people who declared the third sector organization as the principal employer increased by 12.1 thousand, i.e. by 10%.

Figure 5. Active organizations and permanent employment in the third sector, including its dynamics in 1997-2010



* The average permanent employment, i.e., the average number of full-time-equivalent jobs, which accounts both for full-time and part-time permanent jobs.

In 2010, the average permanent employment in the third sector was 114.4 thousand[5]. This number was about 41% higher than the number of FTEs in 1997 and 15% higher than the corresponding number in 2005. However, the increase in the number of permanent employment jobs was much smaller than the increase in the number of active organizations in the surveyed third sector in those two periods (the number of third sector entities has increased by 147% and 19%, respectively). Consequently, despite the overall increase in employment in the third sector, the number of permanent jobs per one organization (regardless of whether the organization had any employees) has fallen from 3.0 FTEs in 1997 to 1.4 FTEs in 2010. A turning point in this respect was the year 2005 - the first full year, when the *law on public benefit and volunteer work* came into force and the first full year after accession of Poland to the European Union. In 1997-2005, the number of permanent employees, understood as the number of FTEs, grew on average by nearly 2.3 thousand a year, whereas in 2005-2010, the annual growth of the average permanent employment was significantly higher and stood at 3.0 thousand FTEs.

Comparison of the average permanent employment generated in the third sector with the corresponding parameter at the level of the national economy shows that in 2010 permanent employment jobs in the third sector accounted for 0.8% of the average number of all persons working in the national economy, expressed in FTEs, and 1.2% of the average number of all employees irrespective of the type of their employment contract[6]. Over the past 13 years, the values of these indicators have noticeably increased, compared with the 1997 values, when they amounted to 0.5% of the average number of all persons working in the national economy and 0.8% of all employees.

4.3. Disparities in permanent employment

The average number of permanent employment jobs generated in the surveyed non-profit sector can differ significantly depending on a particular organization. In 2010, the average number of permanent employment jobs in organizations that employ permanent personnel was 8.3 FTEs, but a half of these organizations reported that their permanent employment did not exceed 2 FTEs. A similar, more than 4-fold difference between the average and the median of permanent employment was recorded in 2005, but both indices were slightly higher (the average of 9.4 FTEs and the median of 2.3 FTEs). The decrease of the average is associated with the fact that the growth rate of the number of organizations that employ permanent personnel (dynamics 119, relative to the reference value of 100 in 2005) was somewhat higher than the growth rate of permanent employment (115, relative to the reference value of 100 in 2005). On the other hand, the decrease in the median suggests that more and more organizations employ a very limited number of permanent personnel (less than 2 FTEs).

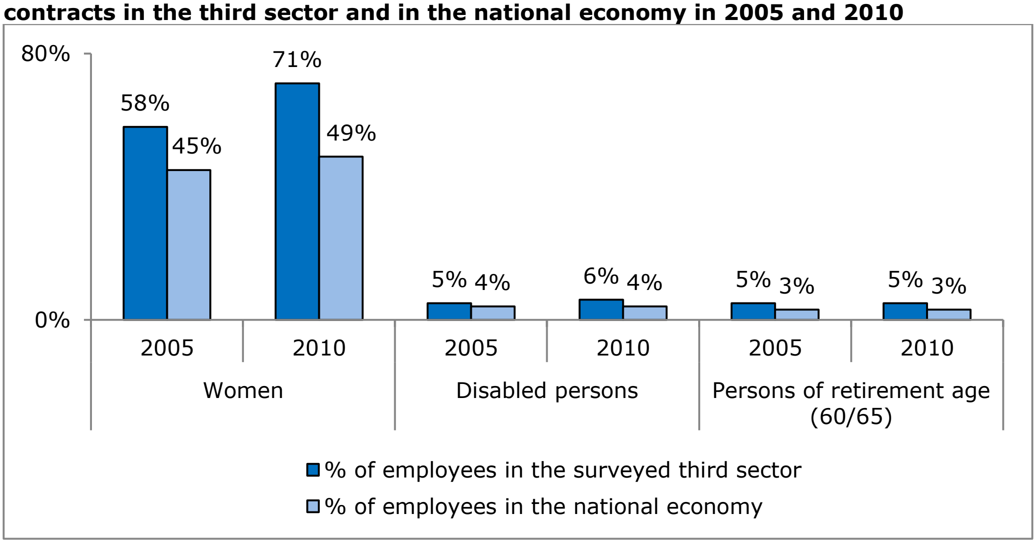
[5] The average permanent employment is the equivalent of all full-time and part-time permanent jobs converted into the full-time-equivalent (FTE) with the use of weighting factors that account for fluctuations of the working time over the year.
[6] The average number of all employees accounts only for persons who work based on an employment contract in a given year, while the average number of persons working in the national economy includes also employers and self-employed persons.

4.4. Characteristics of permanent employment

The characteristic feature of the labour market in the third sector is that part-time employees constitute a high share of all permanent personnel. In 2010, the share of part-time permanent employees amounted to 28% of all permanent employees in the surveyed organizations, whereas part-time workers constituted only 8% of the whole workforce in the national economy. Moreover, the share of the part-time permanent personnel in the total number of permanent personnel employed in the third sector has increased by 5 pp. since 2005.

Third sector organizations employed women, disabled persons and persons of retirement age more often than it is observed in the whole Polish labour market. In 2010, women accounted for 71% of all permanent employees in the third sector, while the value of this index in the whole national economy was only 49%. Feminization of permanent employment in the third sector has increased significantly in 2005-2010, from 58% to 71%, i.e., by 13 pp. During those 5 years, the employment rate of disabled persons in third sector organizations was higher than the average in the national economy, but it changed little over time (the increase from 5% in 2005 to 6% in 2010, compared with 4% in the national economy, both in 2005 and in 2010); the same applies to persons of retirement age (5% in third sector organizations, compared to 3% in the national economy, both in 2005 and in 2010).

Figure 6. The share of selected groups of persons that had permanent employment contracts in the third sector and in the national economy in 2005 and 2010



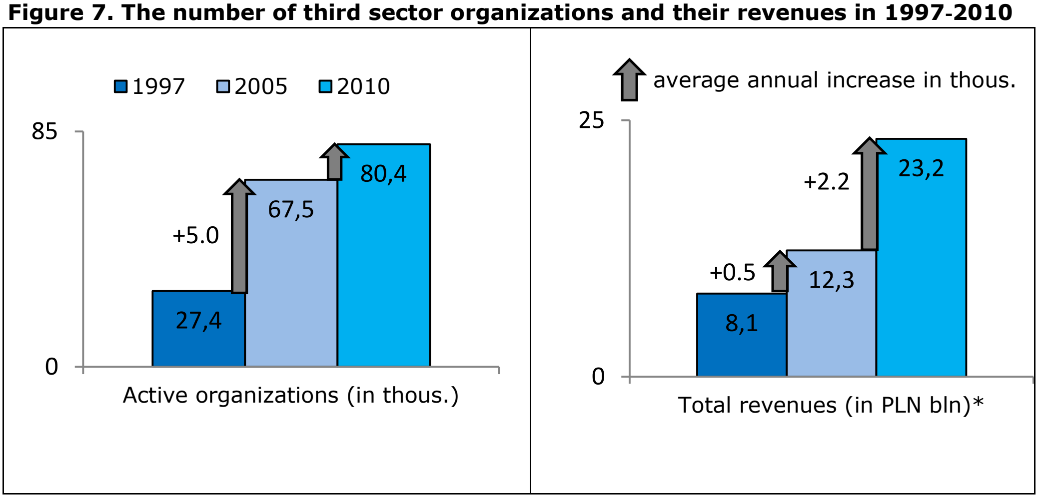
Another specific feature of employment in the third sector is the low level of wages. The average gross monthly salary of permanent personnel in the third sector amounted to PLN 2.8 thousand per one FTE, while the average gross monthly salary in the whole national economy amounted to PLN 3.2 thousand in 2010.

5. Distribution of financial resources and revenues

5.1. Financial resources

The total amount of revenues reported by all active organizations in 2010 amounted to PLN 23.2 billion, whereas the costs were PLN 22.1 billion. In 1997-2010, the revenues of the surveyed third sector and the number of active organizations increased almost 3-fold; the relative growth of revenues was slightly lower than the relative growth in the number of third sector organizations (the two indicators were 287 and 294, respectively, where the reference value is 100 in 1997). It should be noted, however, that the rate of growth of financial resources of the non-profit sector in 1997-2005 was 3 times lower than the rate of growth in the number of third sector organizations (an increase of 52% in revenues, compared with 147% increase in the number of non-profit organizations), whereas the situation reversed after accession of Poland to the EU and after the *public benefit and volunteer work act* entered into force, as the growth rate of revenues in 2005-2010 was almost 5 times higher than the growth rate in terms of the number of non-profit organizations (an increase of 89% in revenues versus 19% increase in the number of these organizations).

Figure 7. The number of third sector organizations and their revenues in 1997-2010



* Total revenues in 1997 and 2005 are assumed as the upper limit of the estimate.

The increase in the financial capacity of the surveyed organizations can also be seen from the perspective of the entire national economy: in 2005-2010 the share of expenditures of the non-profit sector in the GDP has increased from 1.1% to 1.6%.

5.2. Stratification of third sector organizations with respect to their financial resources

In the group of third sector organizations that reported any level of revenues in 2010 (i.e., 90% of these organizations), the average value of the annual budget was about PLN 322 thousand, but the budget of every second of these organizations did not exceed PLN 25 thousand. Expenditures of these organizations in 2010 were somewhat lower; in the group of organizations that reported costs, the average annual expenditures amounted to PLN 302 thousand and the median was PLN 21 thousand. Compared with the 2005 data, the average annual expenditures increased by 44% and the median increased by 46%, which indicates a slight reduction of the financial stratification within the third sector.

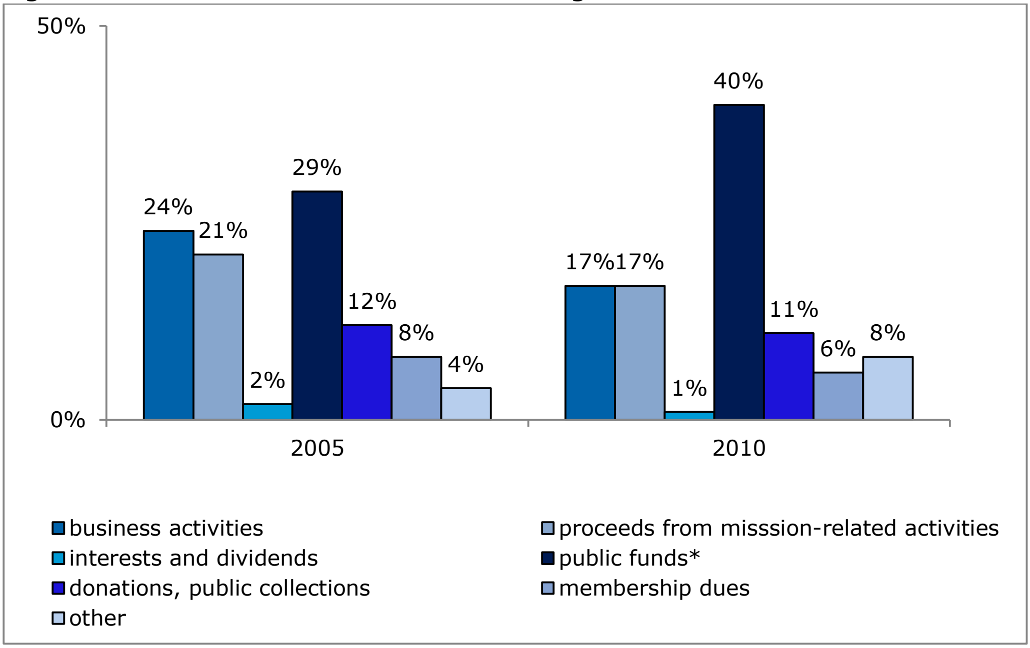
The significant financial stratification in the surveyed third sector is well illustrated by the fact that about 13 thousand non-profit entities, which at the end of 2010 employed at least one permanent employee (16% of the surveyed entities) were responsible for 84% of expenditures of the entire third sector, whereas organizations that employed at least six permanent employees (although they accounted for only 5% of the surveyed entities) were responsible for as much as 63% of the aggregate budget of the entire sector. Comparison of these data with the corresponding 2005 data confirms that financial stratification of third sector organizations has decreased. In the period of 2005-2010, the aggregate expenditures decreased by 3 pp. in the group of organizations with at least one permanent employee and decreased by 6 pp. in the group of organizations with at least 6 permanent employees.

5.3. Sources of revenues

In 2010, 40% of all revenues of the surveyed third sector organizations could be linked to market activities, which includes proceeds from business activities and mission-related activities (17% each), whereas non-market revenues from public sources constituted a slightly smaller share (37%) of total revenues, including the 1% personal income tax transfers (2%).

The structure of revenues in 2010 differs considerably from what was observed five years earlier. The share of funds generated by market activities decreased significantly (by 12 pp.), especially in the category of business activities (by 7 pp.). At the same time, the share of revenues from public funds, including the 1% personal income tax transfers, has increased by 11 pp.

Figure 8. Sources of revenues of third sector organizations in 2005-2010

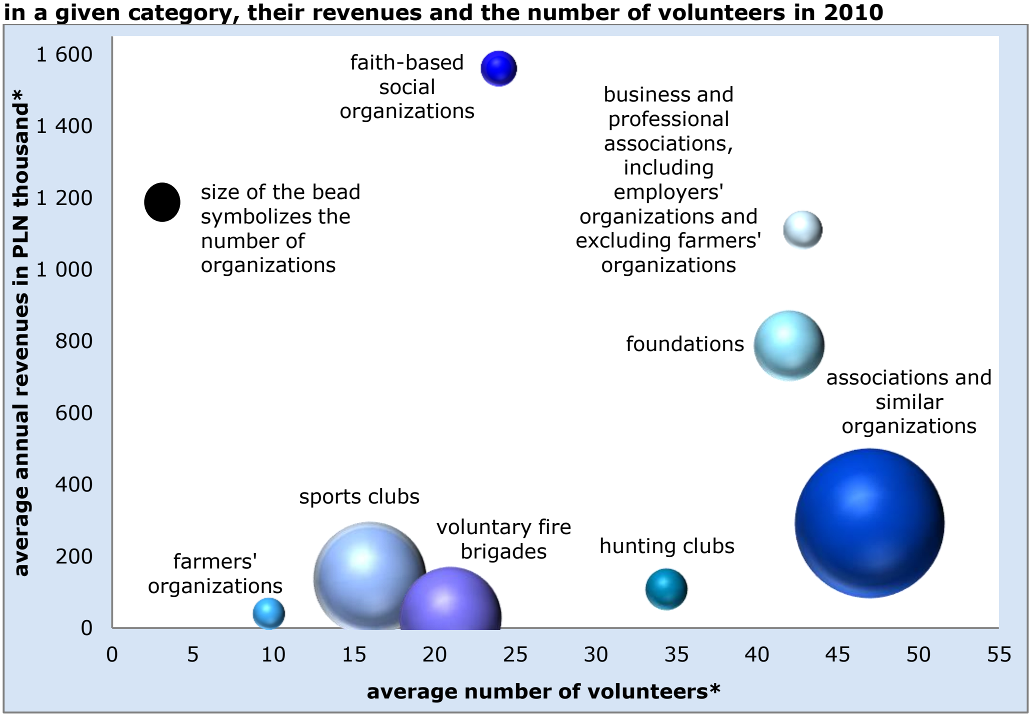


* To ensure comparability of data for 2005 and 2010, the revenues from public sources include also funds received under the *law on public procurement*, NHF contracts, etc.

6. Socio-economic map of the third sector in 2010

It is worth considering the specific strengths of constituent categories of third sector organizations in 2010. In terms of the number of organizations, typical associations and similar organizations formed the largest category, as they constituted as much as 40% of the total population of third sector organizations. At the opposite end of the list there were four small but distinctive groups: farmers' organizations (2%), faith-based social organizations (2%), hunting clubs (3%), business and professional associations including employers' organizations and excluding farmers' organizations (3%). An intermediate position, in terms of the number of organizations, was taken by foundations (9%), voluntary fire brigades (18%) and sports clubs (23%).

Figure 9. The map of third sector entities, which shows the number of organizations in a given category, their revenues and the number of volunteers in 2010



* Average values presented in the figure were calculated for all active organizations of a given category, regardless of them having any revenues or volunteers.

If the average number of persons involved in the volunteer work over the course of a year is taken as an indicator of human resources of a given organization, it turns out that the most affluent entities were typical associations and similar organizations, which on average benefited from the voluntary work of 47 people. Business and professional associations including employers' organizations and excluding farmers' organizations (43 volunteers), as well as foundations (42 volunteers) were not far behind, whereas hunting clubs (34 volunteers) were a little farther in this rating. The information received from the surveyed organizations shows that faith-based social organizations (24 volunteers), voluntary fire brigades (21 volunteers) and sports clubs (16 volunteers) had less abundant human resources. Farmers' organizations declared the least average number of persons that supported their activities with unpaid work (10 volunteers).

A major factor that differentiates between various categories of third sector organizations is their financial standing: the ratio of the average annual revenues of the two categories of organizations that reported the highest amount of annual revenues and the lowest amount of annual revenues stood at 55. The undisputed leader in this respect was the group of faith-based social organizations, where the average annual revenue of all active entities amounted to PLN 1.5 million. The economic 'middle class' of third sector organizations comprised business and professional associations including employers' organizations and excluding farmers' organizations (revenues of PLN 1.1 million per year), as well as foundations (PLN 0.8 million annually). Revenues of a great majority of typical associations and similar organizations, hunting clubs, as well as sports clubs were much lower (PLN 0.1 ÷ 0.3 million). Farmers' organizations and voluntary fire brigades reported the lowest values of revenues in 2010 – less than PLN 50 thousand on average.

In brief, it turns out that faith-based social organizations have the largest financial resources of all the categories of third sector organizations, whereas typical associations and similar organizations have the largest pool of human resources. Business and professional associations, including employers' organizations and excluding farmers' organizations, as well as foundations were positioned high in both rankings. The most difficult financial situation, as well as the lowest public backing has been observed in the category of farmers' organizations.

7. The most important trends

In 1997-2010, there was an almost 3-fold increase in the number of active organizations of the third sector, which consisted of 80 thousand organizations functioning at the end of 2010. Despite the growth in the number of non-profit organizations, the structure of the surveyed population did not change in terms of the relative size of individual categories of organizations and the principal field of their activity, as evidenced by their mission-related expenditures. The only significant change over the 13-year period, which slightly modified the situation, was inclusion of a numerous group of voluntary fire brigades into the survey (in 1997 most of them were not registered as third sector organizations); that enlarged the share of associations and similar organizations in the total population of non-profit organizations by 8 pp. and increased the share of entities working in the field of *social services, emergency and rescue services* accordingly.

The rate of growth in the number of active organizations of the third sector was not constant in time. In 1997-2005, the average increase in the number of such organizations was 5 thousand per year, whereas in 2005-2010 this indicator was twice lower (growth rate of 2.6 thousand organizations per year). Due to the increase in the total number of third sector entities, their availability increased 3-fold. In 1997, there were only seven organizations per 10 thousand people; that number surged to 18 in 2005 and reached 21 in 2010.

Considering the fast growth of the third sector in terms of the number of organizations, it may be surprising to note that their public backing has weakened, especially in terms of the number of individual memberships in these organizations. Associations and similar organizations, which accounted for 90% of third sector memberships, noted a 2.6 million decline in the number of memberships. It is worth noting that the number of memberships decreased by only about 0.4 million in the first eight year period (1997-2005), whereas in the next five year period (2005-2010) it fell by as much as 2.2 million. The simultaneous increase in the number of non-profit organizations and the decrease in the number of memberships results from two coinciding processes - some growth in the number of memberships in newly established organizations, which had less-than-average number of members, was more than offset by a strong reduction in the number of memberships in large organisations. This manifests as a strong decline in the average number of memberships per one organization and a simultaneous increase in the median value of the memberships. Consequently, there was a significant reduction in stratification of organizations in the surveyed third sector with respect to their membership resources in 2005-2010.

A similar effect was observed in the case the volunteer work, which is also an important element of human resources of the third sector: the decline in the overall potential coincided with reduction of its stratification. While in 1997-2005 the growth in the number of third sector organizations was accompanied by an increase in the total volume of the volunteer work, the availability of that resource declined after 2005, despite a significant increase in the number of organizations and some increase in the total number of volunteers. This results from a decrease in the number of hours of gratuitous work offered by an average volunteer.

As far as paid work is concerned, there was an increase in the number of third sector jobs, which manifested as an increase in the contribution of permanent employment in the non-profit sector to the total permanent employment in the national economy (expressed in FTE) from 0.8% in 1997 to 1.2% in 2010. However, the rate of growth in the number of permanent jobs in the third sector was much lower than the rate of growth in the number of these organizations, so that there is no straightforward correlation between these two parameters. In 1997-2005, the rate of growth in terms of the number of permanent jobs generated in the surveyed third sector was twice lower than the rate of growth in terms of the total number of these organizations, whereas in 2005-2010, the number of permanent jobs increased at a rate somewhat higher than the growth rate of the number of these organizations. It is worth bearing in mind, that more than a half of non-profit organizations did not use any paid work in the said period. Moreover, the fraction of organizations that offered permanent employment decreased by a half, whereas the number of third-sector entities that offered only temporary contracts increased by merely one third in 1997-2010.

The third sector labour market has certain distinct features that intensified over time. On the one hand, third sector organizations used temporary employment and part-time employment more often than usual in the national economy; on the other hand, these organizations employ the above average number of persons, who are threatened by marginalization in the labour market. In the period 2005-2010, the increase in the number of temporary employees was 11 pp. higher than the increase in the number of permanent employees; furthermore, the percentage of part-time employees in the third sector workforce increased by 5 pp. At the same period of time, feminization of the workforce in the non-profit sector has significantly increased, reaching the value of 22 pp. higher than the average value of this indicator for the entire national economy in 2010; the employment rate of disabled persons and persons of retirement age in the third sector remained at a level higher than average in the national economy.

In 1997-2005, the increase in financial resources of the third sector was 3 times lower than the increase in the number of these organizations (52% compared with 147%, respectively), but in 2005-2010, i.e., in the period that began with the first full year of accession of Poland to the EU and after the *public benefit and volunteer work act* entered into force, the increase in revenues of the third sector was almost 5 times higher than the increase in the number of these organizations (89% compared with 19%, respectively). The increase in the total amount of financial resources of the third sector in 2005-2010 was accompanied by an evident shift in relative magnitudes of income from various sources. In spite of the public debate on the need of using the free-market approach in the third sector and when dealing with social problems (for example, in the context of the Human Capital Operational Programme), the share of proceeds from market-oriented activities (business activities and paid mission-related activities) in budgets of these organizations has declined from 45% to 34%, whereas the share of funds from public sources has increased by a similar amount (from 29% to 40%).

Reduction in stratification of the third sector was observed not only in terms of the membership base and the volume of the volunteer work, but also in the area of employment and financial resources. As both the employment and the total amount of funds available to third sector organisations in 2005-2010 have increased significantly, the difference between the average and the median number of employees has decreased (from 8 persons to 7 persons) and the ratio of the average and the median of their budgets has also decreased (from 15-fold to 14-fold).

The key development that occurred between 1997 and 2010 is the emergence of a new group of entities, the ones that were granted the status of a public benefit organization (PBO). The possibility of obtaining such a status was introduced in 2004 by the *public benefit and volunteer work act*. The number of registered public benefit organizations between 2005 and 2010 has doubled from 4.1 thousand to 8.2 thousand. In 2010, every 11th non-profit organization had the PBO status. The highest percentage of PBOs was noted in the category of foundations (23%) and the lowest percentage occurred in the category of business and professional associations including employers' organizations (less than 0.5%). The group of PBOs was stronger than the group of the other third sector organizations, both in terms of human and financial resources. An average PBO had a 6-fold higher number of volunteers, a 4-fold higher number of memberships and 3-fold higher revenues than an average association without the PBO status.

One of the major benefits that result from the PBO status is the possibility of being beneficiaries of the 1% personal income tax (PIT) transfers. According to the Ministry of Finance, the number of taxpayers who used this opportunity has increased from 0.7 million to 8.6 million people in 2005-2010 and the total amount of the transferred funds has increased from PLN 42 million to PLN 357 million in that period of time. Consequently, the share of the 1% PIT tax deduction transfers in all revenues procured by the non-profit sector has increased 4-fold (from less than 0.5% in 2005 to 2% in 2010).

Summarizing, the development of the third sector in 1997-2010 is characterized by a number of diverse factors. The period of 1997-2005 is characterized mostly by a high increase in the number of non-profit organizations, whereas the following years (2005-2010) brought further, but moderate increase in the number of these organizations, accompanied by a significant decrease in the total number of memberships, a considerable increase in financial resources and a noticeable reduction in stratification of organizations. The changes that occurred after 2005 can be ascribed to the new situation of the non-profit sector, created by the *public benefit and volunteer work act* and the accession of Poland to the European Union.