

EXPANDED ABSTRACT

The Socio-Economic Dimensions of the Third Sector in the Canary Islands

Aims

The principal aim of this study was to attempt an approximation to the main socio-economic aggregates of the non-profit third sector in the Canary Islands. This quantification, of little importance in itself, was compared to that of similar organisations in the rest of Spain, in order to examine the relative position of the islands in these respects. In addition, through collating demographic, labour and economic indicators, it attempted to measure the importance of associations and foundations to the society of the Canary Islands.

Design / Methods / Approach

The third sector includes non-profit institutions serving households (NPISH), which make up the non-market subsector of the social economy, and analysing it is a very complicated task by any reckoning. One reason is that the conceptual delimitation and, above all, the membership of the third sector are still subjects of profound debate, owing to the different meanings attached to the term in the political sphere, among the organisations that make up this sector and in the academic world. In the present case, the authors have opted for the concept of the non-market third sector employed in the European Union. As a result, this study focused on organisations in what is known as the non-profit subsector of the social economy, namely: "private, formally-organised entities with autonomy of decision and freedom of membership that produce non-market services for families and whose surpluses, if any, cannot be appropriated by the economic agents that create, control or finance them" (Monzón & Chaves 2012). This definition essentially refers to associations and foundations, and therefore to organisations that supply goods and services at no charge or at prices which are not financially significant.

The second limiting factor is the absence of sources of more or less homogeneous information over a lengthy time period, such as those which are available for studying the main social economy enterprises. This made it necessary to search very disparate databases in order to attempt a sufficiently well-founded approximation to the real situation of associations and foundations in the Canary Islands. The recent publication of several studies on this subject in the Islands, based on analyses of samples, has made it possible to arrive at some estimates to fill in several of the information gaps detected.

The present study is divided into three main sections. The first quantifies non-profit organisations in the Canary Islands during the 1998-2015 period, both taking associations and foundations separately and grouping them together. It also analyses the evolution of their density (number of organisations per 10,000 inhabitants), types and geographical sphere of action. The second section is a quantitative study of the human resources of this type of organisation. It addresses the evolution of employee numbers and their distribution by branch of activity and type of contract. It also examines the number of volunteers, their demographic characteristics and distribution by island and the main activity of their organisations. The last section looks at the economic aspects of associations and foundations in the Canary Islands. It examines the evolution of the gross value added (GVA) they generate, both collectively and for each of the two types of organisation and, based on this, measures their share of regional GVA. It also presents their income and expenditure structure, labour costs as a proportion of expenses, and the mean annual remuneration of their employees.

Results / Limitations / Implications

A general overview of non-profit organisations in the Canary Islands shows that they currently number nearly 6000, in other words, slightly fewer than 28 organisations per 10,000 inhabitants. Their human resources number around 279,000. Of these, 7.5% are employees and the rest are volunteers. Their employees account for 2.8% of the total paid employment in the Canary Islands, while the volunteers comprise slightly over 14% of the population over the age of 16 years. Lastly, associations and foundations contribute 1.9% of the region's GVA.

The three groups of indicators examined — number of organisations, human resources and economic aspects — reveal certain significant differences between the non-profit third sector in the Canary Islands and the same sector in Spain as a whole. The first is that in the Canary Islands, the relative institutional density and paid employment figures are lower than the national average. The figures for volunteers are similar in both cases and GVA is slightly higher in the Canary Islands than in Spain as a whole.

As regards the financial structure of these organisations, government subsidies figure prominently in their income and employee compensation is their predominant expense in the Canary Islands, whereas in the rest of the country the main items, respectively, are income from activities and intermediate consumption expenses. Lastly, some differences were found between Spain and the Canary Islands as regards the distribution of the chosen variables among the two types of organisation studied (associations and foundations), with the associations presenting some results that were slightly higher in these islands than in Spain as a whole.

However, owing to the difficulty in obtaining quantitative series of data and their scattered sources, the findings of the present study should be considered a quantitative approximation and treated with caution, as in some cases they are merely estimates.

Practical Conclusions / Original Value

The present study gives an approximate measurement of the socio-economic size of the non-profit third sector in the Canary Islands. This collection of data from serial records extends that previously presented by the same authors (Carnero, Barroso & Nuez, 2014) and provides a deeper knowledge of the specific characteristics of the associations and foundations based in these islands. This measurement of their specific characteristics constitutes the original value of this research and the basis for the practical conclusions that have been drawn.

The principal practical conclusion is that the island-based organisations need to broaden their income base. Diversification would avoid their currently excessive dependence on public subsidies, particularly in the case of associations, where subsidies account for practically half their receipts. Another issue that should be considered is addressing the difference between the Canary Islands and the national average in such matters as the density of foundations (number per 10,000 inhabitants) or the average donations to non-profit organisations in personal income tax returns, which is unfavourable in the case of these islands.

KEYWORDS: Third Sector, Non-Profit Organizations, Associations, Foundations, Canary Islands.