



The Johns Hopkins Comparative Nonprofit Sector Project, Phase II

**Uncovering  
The  
Nonprofit Sector  
In Ireland**

Its  
Economic Value  
and  
Significance

Freda Donoghue  
Helmut K Anheier  
Lester M Salamon

The Johns Hopkins University  
Institute for Policy Studies

National  
College of

Center for Civil Society Studies

Ireland

---

## Acknowledgments

The authors would like, first and foremost, to thank Mr Mick Lucey, Senior Statistician, Central Statistics Office, for his invaluable help and contribution to compiling the data presented in this report.

The authors express their gratitude to the following for their co-operation and advice during the course of this project:

Mr Justin Johnston, former Lecturer in Economics, National College of Ireland, Dr Helen Ruddle, Senior Research Officer, Policy Research Centre, NCI, Mr Ray Mulvihill, Policy Research Centre, NCI, Ms Ger Hennessy, Administrative Assistant, Policy Research Centre, NCI, Ms Elizabeth Harrington, Administrative Assistant, Policy Research Centre, NCI.

The authors would also like to thank the chair of the Advisory Committee to this project, Professor Joyce O'Connor, President of the National College of Ireland and the other members of the Committee: Mr Roger Acton, Disability Federation of Ireland, Mr Mel Cousins, Barrister-at-Law and Personal Advisor to Minister for Social, Community and Family Affairs, Mr Raymond Jordan, Department of Education, Ms Bernadette Kinsella, Secretariat of Secondary Schools, Mr Mick Lucey, Central Statistics Office, Mr Paul Matron, Central Statistics Office, Mr Ernest Sterne, Secondary Education Committee, Mr James Williams, Economic and Social Research Institute.

The core team in Johns Hopkins University is thanked for all of their input, patience in answering queries and good-humoured e-mails: Ms Regina Rippetoe List, Program Manager, Dr Wojciech Sokolowski, Statistical Data Analyst, Dr Stefan Toepler, Regional Co-ordinator for Central and Eastern Europe, Ms Mimi Bilzor, Communications Associate.

Any errors of fact or interpretation are the responsibility of the authors alone.

---

Table of Contents

---

<b>Chapter 1: Introduction</b>	4
The Definitional Question	4
Summary	5
<b>Chapter 2: Context</b>	6
History	6
Policy	7
Nonprofit Organisations and the Law in Ireland	8
Concluding Remarks	9
<b>Chapter 3: Income and Expenditure of the Irish Nonprofit Sector</b>	10
Income	10
Expenditure	13
Summary	15
<b>Chapter 4: Employment in the Nonprofit Sector in Ireland</b>	16
Paid Employment	16
Unpaid, In-Kind or Volunteer Employment	16
Summary	17
<b>Chapter 5: The Voluntary and Community Sector</b>	19
Income	19
Employment	20
Expenditure	21
Summary	22
<b>Chapter 6: Ireland and the Rest of the World</b>	23
Summary	25
<b>Chapter 7: Discussion</b>	26
Points Arising	26
Roles, Responsibilities and Relationships	27
<b>References</b>	31
<b>Appendix A: The International Classification of Nonprofit Organisations</b>	35

<b>Appendix B: Methodology and Data sources Used</b>	36
Employment Data	36
Expenditure Data	37
Public Sector Revenues	37
Private Funding	38
Private Fees and Payments	38
Contributions in Kind	40
Data Gaps and Weaknesses	40

## **Chapter 1: Introduction**

Attention is being focused more and more on the voluntary and community sector in Ireland - its role in local development and in service provision, its significance in the area of anti-poverty action and its importance in the growth of Irish society as a whole. Such interest, however, runs the risk of mere platitude if it is not supported by substantial evidence of the sector's value and worth. Lack of information on the sector has been a factor in debates on the sector up until recently, and much research to date on the voluntary sector has been issue focused, applied, or prescribed as responses to specific questions<sup>1</sup>. In order to address this fundamental gap in our knowledge of the sector the opportunity was taken to map the Irish nonprofit sector in a systematic, solid and empirical way through the Johns Hopkins Comparative Nonprofit Sector Project (CNP).

Spurred by a lack of basic data on the sector and a desire to measure this 'lost continent' (Salamon, Anheier and Associates 1998:2), the CNP has sought to deepen our knowledge of the sector by measuring its size, structure, income and composition. This report presents the Irish data and, for the first time, the economic contribution of the nonprofit sector in Ireland.

### **The Definitional Question**

In Ireland the nonprofit sector is usually referred to as the voluntary sector. More recently, however, the 'voluntary and community sector' as a term has come into vogue, although the boundaries of this voluntary and community sector have not been clearly defined (see Department of Social Welfare 1997). Indeed, various definitions of the sector abound depending on the different agencies or actors that use the term.

The Green Paper, for example, excludes voluntary-run schools, voluntary hospitals, large sporting organisations and large mental health organisations and adopts a community-focused approach (Department of Social Welfare 1997). The health boards, meanwhile, which fund a large amount of voluntary activity in the social welfare area, make a distinction between voluntary organisations, which are viewed as service providers, and community organisations, which are seen primarily as lobbying and advocacy groups. Coinciding with the existence of these different operational definitions, various tax laws allow for the favourable treatment of various nonprofit organisations, such as those with charity numbers (educational, arts, cultural, religious and philanthropic organisations), trade unions, friendly societies and other welfare organisations. Also, in Ireland, charitable status as a legal concept does not exist. Nonprofit organisations can receive what is called charitable recognition (or a charity number) from the Revenue Commissioners once several criteria have been satisfied. This may seem a

little anomalous, especially in comparison with the situation internationally (Salamon 1997), but charitable recognition enables tax exemption only and does not bestow a legal status on the organization. In fact, legal status must be procured through other means (such as, for example, registering as a company limited by guarantee without share capital). Charitable organisations, therefore, must adopt a form with a separate legal personality so that members are not liable in a situation of bankruptcy.

To further muddy the definitional waters, the Revenue Commissioners up to mid-1998 preserved an air of confidentiality about any details of organisations that had been granted charitable recognition by them. That situation has now begun to change as a result of the passing of the Freedom of Information Act and in early 1999 a list of organisations granted charity numbers was released by the Commissioners into the public domain. Not only does the list contain organisations that may no longer operate, however, it also contains statutory agencies that have been granted charity numbers. In other words, charitable recognition is no guarantee of voluntary (as distinct from statutory) nonprofit status.

In this context, definitions of the sector used to date have either been based on activity or, to some limited extent, have attempted to also incorporate some notion of the structure of organisations. No definition has, however, managed to capture the range of organisations that makes up the nonprofit sector in Ireland. Furthermore, the focus on activity has served to highlight differences within the nonprofit sector rather than to establish boundaries between it and the profit-making and, most particularly, the public sectors. Voluntary hospitals, for example, are traditionally perceived as part of the public sector and while there has been some recent public debate about the statutory funding that such hospitals receive, there has been little explicit recognition that key to the relationship between the government and these voluntary hospitals (who provide a large proportion of health services, particularly in the Dublin area) is the fact that such organisations are private autonomous organisations. The autonomy of these hospitals can sometimes be a thorn in the side of government departments concerned because, as Lee has put it, these organisations are 'by the state' but not 'of the state' (Lee forthcoming) and control is, therefore, an issue.

One way to address the definitional question has been the application of the Structural/Operational definition of the CNP (Salamon and Anheier 1997) to define the parameters of this non-state, non-profit making sector in Ireland (see Donoghue 1998a). The Structural/Operational definition uses commonly-identified criteria and establishes boundaries for the sector on the basis of organisations being:

- Organised: they have an institutional presence and structure
- Private or non-governmental they are institutionally separate from the state
- Non-profit distributing: they do not return profits to their managers or to a set of 'owners'
- Self governing: they are fundamentally in control of their own affairs
- Voluntary: membership is not legally required and such organisations attract some level of voluntary contribution of time or money

The benefits of the Structural/Operational definition are that a) the main types of voluntary organisations in Ireland are included, b) voluntary organisations recognised as charities for tax purposes are included, and c) it complies with other criteria applied to organisations seeking the limited tax treatments and benefits that are available (see Cousins 1997 and see the legal section in Chapter 2 below). The nonprofit sector in Ireland, therefore, covers organisations that are non-statutory and not part of the market sector, such as arts, recreation and sports organisations, social service voluntary organisations, charities, community groups, voluntary-run hospitals and schools, area-based partnerships, trade unions and non-governmental

organisations.

Once this definition was adopted, the data were collected and categorised using the International Classification of NonProfit Organisations (ICNPO) (Salamon and Anheier 1996). The ICNPO is a classification system developed by elaborating on the International Standard Industrial Classification system (ISIC) in order to categorise in a succinct way the nonprofit sector cross nationally. It comprises 12 major activity groups: Arts and Recreation, Education and Research, Health, Social Services, Environment, Development and Housing, Civic and Advocacy, Foundations, International, Religion, Professional Associations and a final category Not Elsewhere Classified. These groups are further subdivided into 24 subgroups (see Appendix A for further details).

### **Summary**

The area is legally complex and although it has a long history there is no sector specific policy. There is no umbrella body representing the sector and issues such as accountability and the regulation of charities are quite topical at the time of writing. Despite all of these, however, the sector is thriving, as this report will show and it is also of economic magnitude. This paper reports on the Irish findings from the international study of nonprofit sectors (see Salamon, Anheier and Associates 1998). The 'nonprofit sector' will be used as an over-arching term comprising the voluntary and community sector (which, lacking a precise definition can be taken as smaller than the overall nonprofit sector, see Chapter 5 below for an exploration of this part of the Irish nonprofit sector).

Despite the long history of the sector in Ireland, research in the area is relatively recent. The area of nonprofit research in Ireland, however, is thriving, like the sector, and it is hoped that this report, which provides a profile of the size and economic significance of the sector in Ireland, will be a valuable contribution to nonprofit scholarship and its development.

Chapter 2 examines the historical, policy and legal contexts of the nonprofit sector in Ireland. Chapter 3 presents data on the income and expenditure of the sector, while Chapter 4 details employment data. Chapter 5 examines the 'voluntary and community sector'. Chapter 6 places the Irish findings in an international context, while Chapter 7 draws some conclusions from the findings presented in the report and raises some questions for further exploration.



## **Chapter 2: Context**

This chapter examines the historical, policy and legal contexts of the nonprofit sector in Ireland. As will be seen, although the nonprofit sector in Ireland has had a relatively long history, there are many requirements on both the policy and legal sides that still need to be met. Legal regulation and a policy specific to the sector, for example, are still, at the time of writing, outstanding.

### **History**

#### *Charity and the Religious*

Health, education and social welfare have traditionally been the forte of voluntary activity in Ireland and predominantly the preserve of the Catholic religious orders until more recent decades. While a concern with charity and the poor was of primary importance this did not become the territory of the Catholic religious orders until the early part of the 19th century when the Catholic Emancipation Act was passed in 1829. Before this there was a strong lay Protestant and Quaker presence in the form of philanthropists and doctors interested in tackling the physical and medical conditions of the economically-deprived in Irish society and by 1753, for example, there were five voluntary-run hospitals in Ireland. After Catholic Emancipation, Catholic religious orders began to become very active in the field, further prompted by the Poor Laws in the 1830s which attempted to lay some basis for statutory welfare provision but were so limited in entitlement that there was still a huge need for supplementary provision. Many of the major voluntary-run hospitals which still exist today were established by the mid-19th century.

In education both main religious groups in Ireland provided schools at both primary and secondary level for their respective flocks. Church-based schools were in evidence from the late 17th century, while the Christian Brothers began to establish schools from the early 1800s. In the arena of social welfare the religious orders were also predominant and maintained this importance through to the latter half of the present century.

The important role traditionally played by the religious orders in the provision of voluntary-run health, education and social services in Ireland was aided by the principle of subsidiarity. An important part of Catholic social teaching, this principle maintains that responsibility for the provision of social welfare lies primarily with agencies such as the family, schools and church. The state is seen as a last resort and is only called upon when such agencies have exhausted their resources. The historical dominance of the Catholic Church in social welfare, therefore, continued during the transfer of power from the British to the Irish authorities in 1922 and only began to wane in more recent decades. In the latter half of this

century the state has gradually begun to fund voluntary social welfare provision, dramatically increasing such funding from the 1960s on.

Examples of early funding by the state can be seen in health when in 1953, for example, the Health Act established statutory support for all hospital services so that the majority of health services could be provided to patients free of charge. This Act also introduced 'Section 65' grants for health and social services nonprofit organisations providing services that are deemed to be similar or 'ancillary' to those provided by the state in the area of social welfare. Section 65 funding is still an important source for many voluntary-run social services; it is discretionary, however, and not core funding unlike the statutory support provided to the 'public' voluntary hospitals.

In the 1960s the state proposed a new type of educational provision and the state funding of voluntary-run second level schools. This radically altered the face of the Irish education system and also led to greater involvement of the state in education and a closer partnership-type arrangement between the voluntary sector and the state. Prior to this, state funding of education had existed in the national school system<sup>2</sup> and in the industrial (or reform) school system (Irish Times 1999).<sup>3</sup> Today, almost two thirds of second-level schools are voluntary-run schools and they still receive most of their funding from the state. These schools, like the national schools, are run along denominational lines.

At the same time, there was a growing critical awareness within the Catholic church itself. Following the second Vatican Council (1962-5) there was a change in emphasis in Catholic social teaching and the church began to encourage state expansion into areas traditionally provided by voluntary organisations. More radical elements, including groups such as the Conference of Religious in Ireland (CORI), in recent times have become critical of state inaction in social policy, and particularly in relation to poverty and disadvantage.

### *Community and Co-operation*

Another strand prominent in the history of the nonprofit sector in Ireland is that of community self-help. This can be traced back to before the 19th century but it became very evident towards the end of the last century when the co-operative movement began. The latter was organised around agricultural production and designed to counteract the exploitation of the poor. Seen as one of the paths towards economic progress, co-operative societies were also an attempt on the part of people not in positions of formal power to wrest some autonomy for themselves. Indeed, the concept of co-operation was also a cornerstone in the establishment of

another important nonprofit organisation earlier this century, Muintir na Tire (People of the Land) which was founded in the 1930s. Muintir aimed at the revival of the community spirit through co-operative effort, placed a huge emphasis on self reliance and local initiative and was a key force in rural life from the 1930s to 1960s.

In the 1970s, however, a shift in emphasis occurred from 'charity' as the basis of voluntary endeavour to a focus on community involvement and empowerment. This occurred hand in hand with greater statutory support of nonprofit organisations, as outlined above, and was helped, in no small part, by the EU-funded anti-poverty programmes which emphasised an ideology of empowerment, participation and social inclusion. Citizen involvement and community activism became increasingly evident through women's groups, tenant groups and housing action groups, and during this decade there was a growth in organisations representing both communities of interest and geographical communities. The tradition of self-help, therefore, while having long roots in Irish life, changed to a focus on disadvantage and has resulted in the issue of disadvantage entering onto the political agenda (Donoghue 1998b). There is now greater awareness among political parties and in public life of the role that the nonprofit sector plays in this area.

Social partnership has been the defining feature of policy negotiation and discussion for the past decade. The increased vocalisation and activity of community groups during the 1980s, particularly on the issue of unemployment and related social problems, has led to their inclusion in the 1990s in the development of economic and social policy initiatives at national level although many would argue that this input still needs greater recognition (Crowley 1996). Be that as it may, this present decade has witnessed greater recognition of nonprofit activity through its representation on the National Economic and Social Council (NESCC), the National Economic and Social Forum (NESF), Partnership 2000 in 1996 and the National Anti-Poverty Strategy in 1997. The nonprofit sector, for example, is represented on NESF, established in 1993, whose function is to develop economic and social policy initiatives, particularly initiatives to combat unemployment and to provide commentary on social and economic policy. The sector was also included as the Community Pillar, one of the negotiating structures for Partnership 2000, the most recent national agreement (1997-2000), which noted the important role that the nonprofit sector has played in the struggle against disadvantage. The National Anti-Poverty Strategy, in 1997, included a significant input by the sector and paid homage to the work of nonprofit organisations in the area of poverty and disadvantage.

The area of self-help, itself, has diversified in the past thirty years to embrace communities of

many different types including the unemployed, lesbians and gay men, people with disabilities and travellers. Most recently, area-based partnerships have been established in an attempt to foster self-help at local level involving a combination of statutory, for-profit, voluntary and community endeavour. Funded by EU money, these partnerships are one of the most visible signs of community activity today and involve several key community activists at management level. Indeed, partnership companies can be seen as a symbol of the success of making marginalisation and social exclusion central themes although a recent evaluation of the partnerships asserted that there is scope for greater achievement (ESF Evaluation Unit 1999).

The last 40 years or so, therefore, have witnessed great changes both within the sector and in its relationship with the state. Nonprofit providers of educational and health services have established very close relationships with the state, based on funding and requirements such as educational curricula and the health of the nation. In other parts of the sector, such as community development and social services, statutory funding has also become more important and the former, in particular, has begun to have a much more vocal presence. Increased state funding, and, more importantly for some parts of the sector, EU funding, have also led, however, to debates about the accountability of the sector and the nature of the relationship between the state and the nonprofit sector. Discussion about the latter has tended to focus on autonomy, control and the feeling that organisations have to follow the funder's agenda rather than their own (Faughnan and Kelleher 1993) and it is interesting to note that such debates are not new to the sector and have arisen in the past with regard to education services and control over the curriculum (Brown 1985). Lee (forthcoming) argues that antipathy to state involvement is a vital ingredient of the state-voluntary sector relationship even for those nonprofit providers whose relationships are relatively well developed, such as in the educational and health services. Given these recent debates about state control, accountability and 'dancing to the piper's tune', it is interesting now to assess the policy context of the Irish nonprofit sector.

## **Policy**

In May 1997 the Irish government released its long-awaited Green Paper on the voluntary sector. This document has had a long and checkered history dating back to 1974 when a policy document was promised by the Department of Health on the relationship between the health boards and the voluntary social service councils involved in the provision of social services. In 1976 and in 1979 the then Ministers of Health reiterated this intention. The *Programme for Government 1981-1986* committed itself to producing a charter for voluntary social service; this promise was repeated in the *Programme for Economic and Social Progress* in 1991. An

expert group was established (comprising practitioners and researchers) which aided an inter-departmental task force in drafting a White Paper and Charter by 1994. Unlike the earlier efforts, which had only amounted to broken promises, this endeavour was spearheaded by the Department of Social Welfare. The draft White Paper never entered the public domain, however, and in September 1996 the Minister for Social Welfare announced that it had been decided to proceed with a Green Paper because the draft White Paper did not adequately reflect recent developments such as the *Programme for Local Urban and Rural Development* and most importantly the *National Anti-Poverty Strategy*. This Green Paper was finally released the following May entitled *Supporting Voluntary Activity. A Green Paper on the Community and Voluntary Sector and its Relationship with the State*.

The Green Paper was welcomed for having finally made it onto the birthing stool but was seen by observers as not achieving what it purported to do (Harvey 1998, McInerney 1998, O'Sullivan 1998, Peillon 1998), viz, to explore and assess the relationship between the state and the voluntary sector. The Paper highlights the community sector at the expense of other components of the voluntary sector such as mental health agencies who are excluded from the Paper's definition of the sector. Other notable exclusions from the operational definition used in the Green Paper are voluntary hospitals, voluntary-run schools, large sporting organisations and church-based organisations (Department of Social Welfare 1997:37). Interestingly, the Green Paper implicitly included in its remit two statutory agencies (Combat Poverty Agency and the National Social Service Board) who provide support to the sector in Ireland. The lack of clarity about the boundaries of the sector evident in the Green Paper possibly arises out of the fact that it focuses on areas of activity rather than adopting a structurally-based definition. Furthermore, the influence of the earlier National Anti-Poverty Strategy served to emphasise the Paper's focus on organisations working in the areas of poverty and disadvantage.

The Green Paper was produced and published by the Department of Social Welfare as noted above. The Department of Health, however, is one of the largest funders of the voluntary nonprofit sector -and is acknowledged as such in the Green Paper - yet there was no input by this Department to the Paper. The lack of interdepartmental collaboration (although the draft White Paper was drawn up by an interdepartmental task force during 1992 to 1994) was a possible extra factor in the lack of clarity about the definition. It could be argued that this lack of clarity has also led to confusion within the sector itself where potentially damaging discussions about the sector's boundaries continue. This confusion has implications too for the state's relationship with the nonprofit sector and vice versa. The Green Paper mentions the need to formulate a clear policy on the government's relationship with the voluntary and

community sector which would include clarifying the responsibilities of each government department in relation to the sector. The White Paper, which is due in mid-1999, will, therefore, need to clarify the boundaries and parameters of this relationship.

The Green Paper acknowledges the role played by the voluntary and community sector and states that the activities of the sector complement the work of statutory agencies. It proposes strengthening the work of the voluntary and community sector in ensuring the participation of individuals and communities through a variety of measures. The importance of volunteering is recognised as are the principles of openness, accountability and transparency in the sector, which, the Paper argues, need to be applied while still maintaining the respect towards, and rights of, users of nonprofit services.

The process leading from the Green Paper in 1997 and up to the promised White Paper has involved a national conference organised by the Combat Poverty Agency, regional conferences, seminars and consultations. At least 60 submissions have been made to the Department of Social, Community and Family Affairs (it changed its name in mid-1997 from the Department of Social Welfare) which still has overall responsibility for the White Paper. At the time of writing there is, as yet, no definite publication date and it will be interesting to see, when the Paper is finally published, whether definitional issues, interdepartmental roles and issues such as research (which was not mentioned in the Green Paper) will get the attention that they deserve.

### **Nonprofit Organisations and the Law in Ireland**

Unlike other countries there is no one legal form in Ireland that is specific to the nonprofit status of an organisation. Nonprofit organisations in Ireland, therefore, can take a variety of legal forms (see Cousins 1997, Donoghue 1998a, Jaffro 1999) and, what is probably more disturbing, not all of these forms bestow a separate legal personality on the organisation. For nonprofit organisations, a separate legal entity is only provided by being companies limited by guarantee with no share capital, industrial and provident societies (most of whom would now be profit distributing, but who would share a common history with many nonprofit organisations having roots in the co-operative movement), or by being incorporated under the Charities Act 1973, although not many nonprofit organisations have taken this option. Nonprofit organisations can also be trusts or friendly societies but these do not grant a separate legal status to the organisation (Cousins 1997). Separate from the legal status issue is the tax treatment of nonprofit organisations in Ireland the most favourable of which is available for organisations that have been granted charitable recognition by the Revenue

Commissioners. Organisations whose purposes include the advancement of education or religion, the relief of poverty or organisations that are of benefit to the community<sup>4</sup> can apply to the Revenue Commissioners for a charity number which allows them certain tax exemptions such as exemption from paying income tax and corporation tax on interest, annuities, dividends and shares, rents on property, gifts, profits from trade or land owned. Under the Charities Acts recognised charities are also exempt from certain other taxes such as Capital Gains Tax, Deposit Interest Retention Tax, Government Stamp Duty on property sold, Capital Acquisitions Tax and Probate Tax.. In addition, educational establishments are allowed tax-free gifts for the purposes of the teaching of the natural sciences, carrying out research and promoting education in art, architecture, theatre, film arts, literature and music (Hickson 1996, Jaffro 1999). According to article 13 of the European Union 6th VAT Directive, charitable organisations that are exempted from VAT include educational and vocational training establishments, hospitals and childcare services. Other organisations covered include those involved in the supply of goods and services related to welfare and also political, trade union, religious and philanthropic organisations.

Since 1995, third world charities are allowed to receive payment from the Revenue Commissioners of income tax paid by donors on donations to those charities of between £200 and £750 a year. Recent legislation (April 1998) has also introduced limited support for corporate donations; companies donating between £100 and £10,000 or up to 10 per cent of their income are allowed tax relief as an ordinary business expense. It is interesting to note, too, that the range of organisations potentially liable for tax exemption under the existing tax legislation is wider than the variety of organisations covered in the Government's Green Paper.

The debate about the regulation and accountability of charities still continues in the absence of either charitable status or legislation for the charitable sector. The Report on Fundraising published in 1990 recommended the regulation of charities which resulted in the convening of a committee on this issue. That committee subsequently reported to the Minister for Justice but its recommendations were never implemented. In 1997, the Green Paper explicitly stated that the regulation of charities was not in its remit. Two years later there is still no system of registration although there have been recent media reports that the Department of Justice, Equality and Law Reform is actively working on this (O Morain 1999).

### **Concluding Remarks**

The nonprofit sector in Ireland has a long history but has been marked by legal complexity and policy inaction. There is still no sector-specific policy, and although groups within the sector

are represented at policy discussion forums, there is still a sense that the sector itself needs wider representation and participation in policy making. This sense is linked to a lack of information about the sector and within the sector, although recent research has begun to address this, at least in part. It is that lack of knowledge of the sector which this report seeks to address and which also influenced the methodology used in the study. Indeed, once the margins and boundaries of the nonprofit sector were defined (Donoghue 1998a), available data sources were investigated, a process which revealed that little had been systematically gathered on the nonprofit sector in Ireland previously. National surveys on individual giving and volunteering had been conducted but information on the income and expenditure of the sector was not easily obtainable. An even more daunting revelation was that, unlike the situation in countries such as the USA, the Netherlands, Austria or Hungary, for example, at national accounting level in Ireland, data on the nonprofit sector are not reported separately. The paucity of data on the sector has not been helped, either, by the lack of a comprehensive database or directory on the sector and the absence of an umbrella body for the sector<sup>5</sup>. A variety of approaches was therefore adopted in compiling the data on the size of the nonprofit sector in Ireland and these are described in Appendix B.



---

### Chapter 3: Income and Expenditure of the Irish Nonprofit Sector

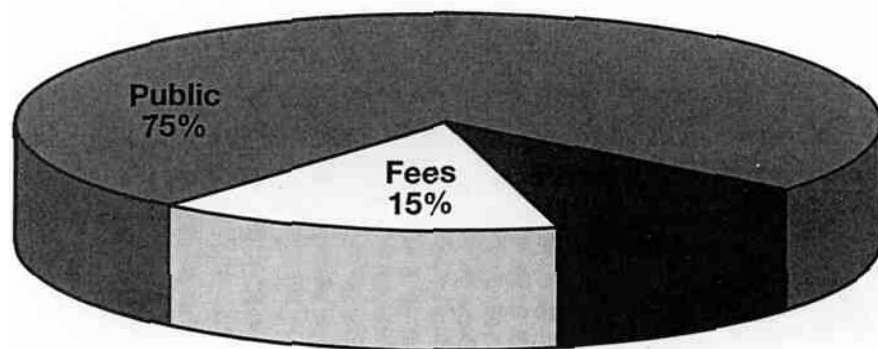
---

This chapter examines the income and expenditure of the Irish nonprofit sector in 1995. Presenting data on the sector's income first, both cash and in-kind income are considered. Different sources of income are given as an estimate of their relative worth. Expenditure figures are given later and detail both operating and in-kind expenditures for the sector.

#### Income

Funding of the nonprofit sector in Ireland is a constant theme both in public debate and in the literature. Paying homage to the importance of this issue for the sector, this report looks first at income to the sector. In 1995 the nonprofit sector's income amounted to £3.24bn, or 8.2 per cent of Gross Domestic Product and 9.3 per cent of our Gross National Product<sup>6</sup>. This funding came through three main sources, namely the public sector (which includes central and local government funding, EU funding, national lottery monies and various third party payments such as funding through the Community Employment Programme, Combat Poverty Agency and the National Social Service Board), private sources (individual donations and foundations), and money earned through fees, sales or membership dues.

By far the most important source of income, as Figure 1 shows, is the public sector whose funding amounted to £2.41bn or almost three quarters of the nonprofit sector's income for that year. Both private giving and earned income are less significant than publicly-sourced funds amounting to £332.99m and £505.77m, respectively.



**Figure 1: Income to the NonProfit Sector in Ireland 1995**

A breakdown of income from all three sources reveals, however, the relative importance of fees (11.6%), individual giving (10.2%) and public funding through third-party sources (10.6%). The importance of individual giving in Ireland has been indicated elsewhere (Ruddle and O'Connor 1993, Ruddle and Mulvihill 1995, 1999) and its significance is noteworthy given the limited incentives for giving that exist. It appears too from the preliminary data from

other countries in the Comparative Nonprofit Sector Project that individual giving is higher in Ireland than in other Western European countries (Salamon, Anheier and Associates 1998).

**Table 1: Sources of Cash Income to NonProfit Sector in Ireland 1995**

Revenue Source	Amount £ ('000)	%
<b>Public Sector Payments</b>		
Grants and Contracts	2,034,760	62.8
Statutory Transfers	37,720	1.2
Third party Payments	342,550	10.6
<b>Private Giving</b>		
Foundations	3,680	0.1
Direct Individuals	329,310	10.2
<b>Private Fees and Payments</b>		
Fees	377,950	11.6
Sales	32,560	0.6
Membership Dues	47,400	1.5
Other Income	47,560	1.5
<b>Total Income</b>	<b>3,242,490</b>	<b>100</b>

In view of the definitional issue it must be asked where that funding goes and who are the main beneficiaries of this large slice of our GDP? Not surprisingly, given the history of the nonprofit sector in Ireland and its predominant position in certain fields, there are two main groups who receive the bulk of the revenue as Table 2 shows: of the £2.4bn received from public sector sources, over half (56%) went to Education and Research and a further 29 per cent went to Health. The six per cent of public sector sources which went to Development and Housing is a sign of that category's growing importance, particularly when compared to other groups such as Culture and Recreation and Social Services which received about three per cent of public funds (3.1% and 2.7%, respectively) or Environment which received under two per cent of public money (1.7%).

**Table 2: Sources of Cash Income to ICNPO Groups**

ICNPO Group	Public Sources (%)	Private Sources	Fee Sources (%)	Total Income
Education & Research	56.0	4.4	74.3	53.5
Health	28.9	18.5	4.4	24.1
Development & Housing	6.6	2.2	0	5.2
Culture & Recreation	3.1	7.7	9.0	4.5
Social Services	2.7	17.5	1.5	4.1
Religion	0	34.6	0	3.5
Professional Assns	0.1	0	10.8	1.7
Environment	1.7	0.7	0	1.3
International	0.4	8.9	0	1.2
Civic and Advocacy	0.3	1.3	0	0.4

Not Elsewhere Classified*	0	4.1	0	0.4
Foundations	0.1	0.1	0	0.1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

\*Respondents to survey stated they 'forgot' to which organisation they donated money (Ruddle and Mulvihill 1999)

The distribution of income from private sources shows a completely different pattern from profile presented by the distribution of income from public sources. Religion received just over one-third of the income from private sources (34.6%). Health and Social Services also gained from private giving (18.5% and 17.5%, respectively) while International organisations received nine per cent of the income to the sector from this source. In addition, it is most likely that income from fees is an underestimate as data on fee sources were not available for all the groups comprising the nonprofit sector in Ireland (as can be seen in Table 3 below). If patterns elsewhere in the world (Salamon, Anheier and Associates 1998) are to be believed, however, this is a source of revenue that is probably likely to grow in the future.

Due to the predominance of the two large players, Education and Health, it is probably of greater utility to examine the importance of each income source for the CNPO groups (see Table 3). What this exercise does is measure the relative importance of these sources and possibly highlight areas that are problematic for fundraisers (Donoghue in press). For example, as the following table shows, both Social Services and International organisations rely quite heavily, the latter most particularly, on private sources, essentially individual donors, for their funding (Faughnan and Kelleher 1993, Mulvihill 1993). The various social welfare services are an area well known to rely upon grants like 'Section 65' which is discretionary funding. When public sector sources of income are viewed in comparison with cash from other sources, however, they are almost matched by funding from private sources, which is principally income from individuals (44.2 per cent of all income to Social Services). This finding serves to provide evidence for previous assumptions that social services organisations are very dependent on non-government sources for their survival (Faughnan and Kelleher 1993, Mulvihill 1993).

Fundraising has been identified as the most frequent activity in which volunteers are engaged. Moreover, the most oft-cited problem for the future viability of organisations tends to be the issue of funding. These data confirm what has been indicated by previous research, therefore, and suggest the wider ramifications of this issue. These data, for example, raise issues for fundraisers such as the saturation of different funding sources and the dependence of nonprofit organisations on a relatively limited number of sources of finance.

**Table 3: Amount and Relative Importance of Cash Income Sources**

ICNPO Group	Public Source (£'000)	% (£'000)	Private Sources	%	Fees(£'000)	%	Total£'000 (£'000)
Education and Research	1,352,568	78.0	14,773	.9	367,388	21.2	1,734,747
Health	699,308	89.4	61,554	7.9	21,676	2.8	782,538
Development and Housing	160,028	95.6	7,399	4.4	—	—	167,427
Culture and Recreation	75,803	51.9	25,719	17.6	44,431	30.4	145,953
Social Services	66,167	50.3	58,133	44.2	7,234	5.5	131,534
Religion	—	—	115,083	100	—	—	115,083
Professional Associations	1,428	2.6	—	—	53,742	—	55,170
Environment	40,640	94.4	2,425	5.6	—	—	43,065
International	9,177	23.6	29,703	76.4	—	—	38,880
Not Elsewhere Classified*	—	—	13,555	100	—	—	13,555
Civic & Advocacy	8,362	66.3	4,253	33.7	—	—	12,615
Foundations	1,534	79.6	393	20.4	—	—	1,927
<b>Total</b>	<b>2,415,033</b>	<b>74.5</b>	<b>332,990</b>	<b>10.3</b>	<b>494,471</b>	<b>15.2</b>	<b>3,242,494</b>

\*Respondents to survey stated they 'forgot' to which organisation they donated money (Ruddle and Mulvihill 1999)

What the data presented so far do not show is the value of volunteering as a source of in-kind income. As has been suggested elsewhere volunteering is a very important source of income to the Irish non profit sector (Ruddle and O'Connor 1993, Ruddle and Mulvihill 1995, 1999, Ruddle and Donoghue 1995). As Table 4 below indicates, in-kind revenue from volunteering is particularly important for some ICNPO groups. In 1995 the imputed value of volunteering was worth £470.7m to the nonprofit sector in Ireland (calculated by applying average wage figures to each ICNPO group). Volunteering is, therefore, worth more than cash income from private sources, and amounts to almost the same value as cash income from fees and earnings.

**Table 4: Imputed Value of Volunteering**

ICNPO Group	Imputed Value (£'000)	%
Social Services	214,862	45.6
Culture and Recreation	79,610	16.9
Development and Housing	52,003	11.0
Health	43,946	9.3
Religion	24,597	5.2
Education and Research	24,215	5.1
Foundations	13,411	2.8
Not Elsewhere Classified*	7,473	1.6
Environment	3,529	.7
Civic and Advocacy	3,529	.7
International	3,529	.7
<b>Total</b>	<b>470,703</b>	<b>100</b>

\*Respondents to survey stated they 'forgot' for which type of organisation they volunteered (Ruddle and Mulvihill 1995)

When factored in with income from cash sources, the imputed value of volunteering alters the balance between the various sources of revenue as Figure 2 shows below. Privately-sourced

income to the nonprofit sector now amounts to over one-fifth of total income (21.6%), while income from public sector sources reduced to 65 per cent, and from fees and earned sources to 13.3 per cent. The inclusion of volunteering brings the total income of the Irish nonprofit sector in 1995 to £3.7bn, or 9.45 per cent of GDP and 10.66 per cent of GNP.

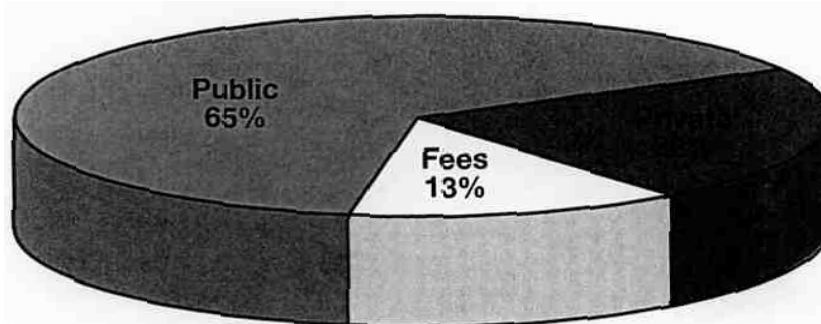


Figure 2: Distribution of Total Income to Nonprofit Sector

The importance of volunteering is more acute for some groups within the nonprofit sector than for others. Table 4, above, demonstrates the significance of volunteering for Social Services, for example. As Table 5 below shows, when volunteering is included with other forms of privately-sourced funding, Social Services receive almost 80 per cent of their funding from these sources. Similarly, volunteering is also important for other components of the nonprofit sector such as Culture and Recreation, Civic and Advocacy, and Foundations. Table 5 shows the way in which the balance between the various sources of income is shifted once volunteering is included as a form of in-kind income. Indeed, for Culture and Recreation, Social Services and Foundations privately sourced income now becomes the most important source of revenue. Furthermore, Social Services now becomes the third highest earner in the Irish nonprofit sector.

Not only do these data indicate the importance of volunteering for certain groups within the nonprofit sector, they also indicate the economic significance of volunteering per se. This issue will be returned to when employment data are examined later.

**Table 5: Total (Cash and In-Kind) Income by Source**

ICNPO Group	% from Public Sources	% from Private Sources	% from Fees and Earnings	Total Income (Cash and In-Kind) (£'000)
Education and Research	76.9	2.2	20.9	1,758,963
Health	84.6	12.8	2.6	826,483
Social Services	19.1	78.8	2.1	346,396
Culture and Recreation	33.6	46.7	19.7	225,563
Development and Housing	72.9	27.1	—	219,429
Religion	—	100.0	—	139,680
Professional Associations	2.6	—	97.4	55,169

Environment	87.2	12.8	—	46,594
International	21.6	78.4	—	42,410
Not Elsewhere Classified*	—	100.0	—	21,029
Civic and Advocacy	51.8	48.2	—	16,144
Foundations	10.0	90.0	—	15,338
<b>Total</b>	<b>65.0</b>	<b>21.6</b>	<b>13.3</b>	<b>3,713,198</b>

\*Respondents to survey stated they 'forgot' for which type of organisation they volunteered or to which organisation they donated money (Ruddle and Mulvihill 1995, 1999)

## Expenditure

In 1995, operating expenditure amounted to £3.3bn, 8.6 per cent of GDP or 9.5 per cent of GNP for that year. Table 6 below indicates, similar to the profile emerging on income to the sector, that the two biggest spenders were Education (52.7%) and Health (24.1%).

**Table 6: Operating Expenditure of the Nonprofit Sector 1995**

<b>ICNPO Group</b>	<b>£ ('000)</b>	<b>%</b>
Education and Research	1,748,443	52.7
Health	798,658	24.1
Religion	206,560	6.2
Social Services	167,554	5.1
Development and Housing	162,342	4.9
Culture and Recreation	112,932	3.
Professional Associations	45,891	1.4
Environment	37,438	1.1
International	18,574	.6
Civic and Advocacy	9,875	.3
Foundations	6,900	.2
<b>Total</b>	<b>3,315,167</b>	<b>100.0</b>

More than three-quarters of the total expenditure for the nonprofit sector is spent by Education and Health services. This finding deserves some contextualisation in order to shed light on the greater economic worth of these two categories. Education in Ireland is provided, in the main, by nonprofit organisations, that is organisations that are institutionally separate from the state, non-profit distributing and self governing (see Chapter 1 above). The historical section above (Chapter 2) has shown that the state has provided the vast majority of funding for several decades in support of both educational and health services.

The difference between cash income and operating expenditure figures (2.2% comparing Tables 3 and 6 above), while not statistically significant, may be explained by the lack of data on corporate donations and incomplete data on fees and foundations. The extent of support from such sources is not fully known and may not make a large difference in view of the fact that income from public sources is so great.

## **Summary**

The income and expenditure of the nonprofit sector in 1995 were sizeable, amounting to eight per cent of GDP and nine per cent of GNP. When looked at in detail, the majority of this income went to two components, Education and Health, who were also the biggest spenders. Interestingly, when the imputed value of volunteering was included as a form of in-kind revenue other groups in the nonprofit sector who received lesser amounts of cash income than Education and Health became more prominent. Individual giving was also more important for categories other than Education and Health.

This chapter has begun to demonstrate not only the economic significance of the Irish nonprofit sector but also the importance of volunteering. Further, it has raised issues in relation to funding. It appears that organisations that have entered more formal partnership-type arrangements with statutory bodies, such as hospitals and schools, for example, receive more funding than other organisations. This can also be seen in the case of Development and Housing, a lot of whose income comes from public sector sources (46% of cash income), both Central Government and the EU.

Funding has been identified in the literature as an issue for the Irish voluntary sector. These data indicate, however, that some sub-groups within the sector are possibly more vulnerable than others. For example, Social Services, International, Civic and Advocacy demonstrate a major reliance on private sources of funding. This dependence is emphasised when volunteering is added as a form of in-kind income. Debates about accountability within the sector, therefore, may have particular resonance for organisations that are reliant upon philanthropic sources of income especially if public perceptions lead to a reduction or a levelling-off in donations (Ruddle and Mulvihill, 1999).

---

## Chapter 4: Employment in the Nonprofit Sector in Ireland

---

This chapter presents findings on employment in the nonprofit sector in 1995. Both paid and unpaid, or volunteer, employment data are detailed. A comparison is then drawn between the nonprofit sector and other industries in the Irish economy.

### **Paid Employment**

In 1995 there were 125,584 paid employees (full-time equivalent, or FTE) in the Irish nonprofit sector. As with the findings presented so far, Education and Health employed a majority of paid workers in the Irish nonprofit sector, employing over three-quarters of paid employees (see Table 9). The remainder of paid workers were employed by Culture and Recreation (5.7%), Religion (5.5%), Social Services (4.3%) and Development and Housing (4%)<sup>9</sup>.

**Table 9: Paid Employment in the Irish Nonprofit Sector in 1995**

ICNPO Group	No, (FTE)	%
Education and Research	63,731	50.7
Health	32,739	26.1
Culture and Recreation	7,150	5.7
Religion	6,921	5.5
Social Services	5,343	4.3
Development and Housing	5,079	4.0
Professional Associations	2,590	2.1
Environment	1,070	.9
Civic and Advocacy	459	.4
International Activities	370	.3
Foundations	133370	.1
Total	125,584	100

### **Unpaid, In-kind or Volunteer Employment**

As Table 10 indicates, volunteer employment shows a different pattern from paid employment. Altogether 33,690 (FTE) people worked as volunteers in Ireland in 1995. Of most importance here is the area of Social Services in which 42.3 per cent of volunteers were located. This is followed by Culture and Recreation in which over one-quarter of volunteers (25.6%) worked in a full-time capacity. Development and Housing come third (10.2% of volunteers) while Health comes fourth (6.9% of volunteers).



**Table 10: In-kind or Volunteer Employment in the Irish Nonprofit Sector 1995**

ICNPO Group	No. (FTE)	%
Social Services	14,265	42.3
Culture and Recreation	8,619	25.6
Development and Housing	3,453	10.2
Health	2,329	6.9
Religion	2,040	6.1
Education and Research	896	2.7
Foundations	890	2.6
Not Elsewhere Classified*	496	1.5
Environment	234	.7
Civic and Advocacy	234	.7
International	234	.7
Professional Associations	—	—
<b>Total</b>	<b>33,690</b>	<b>100</b>

\* Respondents to survey stated they 'forgot' for which type of organisation they volunteered (Ruddle and Mulvihill 1995)

The contribution of volunteer employment, while not changing the overall profile or ranking order of employers, alters the balance among the different components of the nonprofit sector as Table 11 shows. For example, the proportion of employees in Education and Health reduces from 50 per cent to 41 per cent and 26 per cent to 22 per cent, respectively. Social Services move up from fifth to third place with 12.3 per cent of total employment and the proportion employed in Culture and Recreation increases from almost six per cent to just under ten per cent of total employment. Finally, employment figures in both Development and Religion increase but to a lesser degree than in the other categories above.

Overall, volunteers make up one fifth of total employment in the nonprofit sector and volunteering emerges clearly as a significant form of employment. The contribution of volunteers, moreover, is far greater in some ICNPO categories than in others. This contribution can be seen most clearly in Social Services and also in Culture and Recreation. The former category employs only four per cent of paid employees. Yet 42 per cent of all volunteers and 12 per cent of all employees in the sector work in Social Services. Culture and Recreation, on the other hand, employ almost six per cent of paid workers, one quarter of volunteers and ten per cent of all employees in the sector.

**Table 11: Total (Paid and In-kind) Employment in the Irish Nonprofit Sector 1995**

ICNPO Group	No. (FTE)	%
Education and Research	64,627	40.6
Health	35,068	22.0
Social Services	19,607	12.3
Culture and Recreation	15,770	9.9
Religion	8,961	5.6
Development and Housing	8,531	5.4
Professional Associations	2,590	1.6
Environment	1,304	.8

Foundations	1,023	.6
Civic and Advocacy	693	.4
International	604	.4
Not Elsewhere Classified	496	.3
<b>Total</b>	<b>159,274</b>	<b>100</b>

### Summary

This chapter has shown that paid and unpaid employment in the Irish nonprofit sector is sizeable. Paid employment in the nonprofit sector, for example, amounts to 12 per cent of the non-agricultural workforce. The inclusion of in-kind or volunteer employment brings total employment in the nonprofit sector to 15 per cent of nonagricultural employment. Indeed, when compared to employment in the major industries in Ireland, the relative importance of nonprofit employment, both paid and in-kind, can be seen. Table 12 shows that paid employment in the Irish nonprofit sector is exceeded by employment in manufacturing, agriculture, forestry and fishing, retail distribution and the professional services. When volunteering is included as in-kind employment, however, the relative strength of the nonprofit workforce increases and surpasses employment in retail distribution. In the context of media trumpeting about the importance of the financial services sector and our 'Celtic Tiger' economy - which had begun roaring in 1995 - it is relevant to note that nonprofit paid employment exceeds paid employment in insurance, financial and business services. Furthermore, once volunteering is added in, employment in the nonprofit sector is more than twice as great as in those services.

**Table 12: Employment in Ireland by Industry 1995 (FTE)\***

<b>Industry</b>	<b>No. (FTE '000)</b>
Manufacturing	247.5
Agriculture, Forestry and Fishing	210.2
Professional Services	192.6
<b>Nonprofit Sector (paid and in-kind employment)</b>	<b>159.3</b>
Retail Distribution	147.9
<b>Nonprofit Sector (paid employment)</b>	<b>125.6</b>
Personal Services	83.7
Building and Construction	82.8
Insurance, Financial and Business Services	77.6
Transport, Communications and Storage	77.5
Wholesale Distribution	46.9
Public Administration and Defence	34.9
Other Industrial Not Elsewhere Stated	26.0
Electricity, Gas and Water	13.2
Mining, Quarrying and Turf	5.6

\*FTE was calculated by applying a ratio based on the average number of hours worked in one week for each sector compared with the average number of hours per week for the total labour force. (Source: Central Statistics Office (1996): *Labour Force Survey 1995*, Dublin: Stationery Office.)

## Chapter 5: The Voluntary and Community Sector

Schools, third level educational institutions and the voluntary hospitals fulfill all of the criteria of the Structural/Operational definition in that they are formal, private, nonprofit distributing, self-governing and involve some degree, albeit not too large, of voluntary input. They have charitable purposes and hold charity numbers. Furthermore, as the historical section (in Chapter 2 above) made clear, these organisations have had long partnership-type arrangements with the state as providers of major services in Irish society. Tension can exist between the state and these institutions over their governance and control, the most recent example being the case of the newest hospital in the state which is voluntarily run. Nevertheless, there is sometimes a sense within the sector itself that such institutions are either not typical of the sector or that they do not face the same problems.

Be that as it may, it is relevant to examine some of the sub-groups within the broader nonprofit sector. This chapter, therefore, looks at the income, employment and expenditure of what is called here, for purposes of distinction only, the voluntary and community sector. The term 'voluntary and community sector' has recently gained wide currency in debates and discussions, not only because it comprises part of the title of the Green Paper released in 1997 (*Supporting Voluntary Activity: A Green Paper on the Community and Voluntary Sector and its Relationship with the State*), but also because it serves to give recognition to the contribution made by community organisations. The components of the voluntary and community sector, as presented in this current report, are not contiguous with those represented in the Green Paper, in the main because a precise definition of the voluntary and community sector cannot be found in that Paper. The voluntary and community sector in this chapter excludes hospitals, hospices, primary, secondary and tertiary educational institutions. It includes voluntary and community organisations in the following ICNPO categories and subcategories: culture and arts, sports and recreation, education, research, nursing homes, mental and other health, social services, emergency and relief, income support and maintenance, community development, housing, employment and training, civic and advocacy, legal, foundations, international activities and religion<sup>10</sup>. (See Appendix A for a full list of ICNPO groups and sub-groups.)

### **Income**

As Table 13 shows income to the voluntary and community sector is not as dominated by public sector sources as income to the nonprofit sector as a whole. Just more than half (52.7%) of cash income to the voluntary and community sector comes from public sources compared with three quarters of all cash income to the nonprofit sector. Private sources of cash income

account for over one third (40.1%) of income to the voluntary and community sector compared with only 10 per cent of total cash income to the nonprofit sector.

**Table 13: Cash Income to the Voluntary and Community Sector 1995**

ICNPO Group	% Public Sources	% Private Sources	% Fee Sources	Total Cash Income (£'000)
Development and Housing	95.6	4.4	—	167,427
Culture and Recreation	51.9	17.6	30.4	145,954
Social Services	50.3	44.2	5.5	131,534
Religion	—	100.0	—	115,083
Health	25.7	72.7	1.6	44,607
Environment	94.4	5.6	—	43,065
International	23.6	76.4	—	38,881
Not Elsewhere Classified	—	100	—	13,555
Civic and Advocacy	66.3	33.7	—	12,615
Education and Research	98.1	1.9	—	7,341
Foundations	79.6	20.4	—	1,927
<b>Total</b>	<b>52.7</b>	<b>40.1</b>	<b>7.3</b>	<b>721,989</b>

The relative importance to the various ICNPO categories of different sources of cash income is also apparent from Table 13. Public sources, although representing only 53 per cent of cash income to the sector, are the major source of funds for some parts of the sector, funding over 90 per cent of Education, Environment and Development organisations. In comparison, private sources of cash income are most important for International (76%), Health (73%) and are also important for Social Services (44%). Ranking the groups in order of importance, Development and Housing receive over one fifth of total cash income (21.5%), Culture and Recreation receive 18.8 per cent, Social Services 16.9 per cent and Religion 14.8 per cent.

As can be seen in Table 14, volunteering has a far greater impact on the voluntary and community sector than it does on the nonprofit sector as a whole. Firstly, the imputed value of volunteering (£428.62m) is worth well over half the revenue from cash sources (£721.99m). Secondly, the significance that volunteering has for some groups within the voluntary and community sector is greater than for the nonprofit sector as a whole.

**Table 14: Total Income to the Voluntary and Community Sector 1995**

ICNPO Group	% Public Sources	% Private Sources (incl Vol)	% Fee Sources	Total (Cash and In-Kind Income (£'000)
Social Services	19.1	78.8	2.1	346,396
Culture and Recreation	33.6	46.7	19.7	225,563
Development and Housing	72.9	27.1	—	219,429
Religion	—	100.0	—	139,680

Health	16.5	82.5	1.0	69,442
Environment	87.2	12.8	—	46,594
International	21.6	78.4	—	42,410
Not Elsewhere Classified	—	100.0	—	21,029
Civic and Advocacy	51.8	48.2	—	16,144
Foundations	10.0	90.0	—	15,338
Education and Research	83.9	16.1	—	8,587
<b>Total</b>	<b>33.1</b>	<b>62.4</b>	<b>4.6</b>	<b>1,150,611</b>

The inclusion of volunteering shifts the balance among the different groups in the voluntary and community sector, Social Services now becoming the most important, taking the lead as the ICNPO group with the greatest income. Social Services received 28.7 per cent, Culture and Recreation 18.7 per cent, Development and Housing 18.2 per cent and Religion 11.6 per cent of total income in 1995. The inclusion of volunteering also decreases further the relative importance of public funds as a source of revenue; these decline from 49 per cent of cash income to almost 32 per cent of total income. This serves to further underline the significance of privately-sourced donations for this sector (59.5%). Private sources are particularly important for groups such as Foundations (90 per cent), Health (82 per cent), Social Services and International (79 per cent and 78 per cent, respectively), and are also significant for Culture and Recreation (47 per cent). Volunteering, furthermore, comprises 37 per cent of the total income of the voluntary and community sector.

### Employment

In 1995 there were 32,136 FTE paid employees in the voluntary and community sector (see Table 15). One fifth of these were employed in Cultural and Recreation while a further fifth were employed in Religion. Both Social Services and Development and Housing employed similar proportions (around 16 per cent), while Health employed one-tenth (see Table 16).

**Table 15: Employment in the Voluntary and Community Sector 1995**

ICNPO Group	Paid Employees (FTE)	Volunteers (FTE)	Paid and In-kind Employees (FTE)
Social Services	5,342	14,265	19,607
Culture and Recreation	7,151	8,619	15,770
Religion	6,920	2,040	8,961
Development & Housing	5,079	3,453	8,531
Health	3,205	1,371	4,576
Education and Research	2,407	83	2,490
Environment	1,070	234	1,304
Foundations	133	890	1,023
Civic and Advocacy	459	234	693
International	370	234	604
Not Elsewhere Classified*	—	496	496
<b>Total</b>	<b>32,136</b>	<b>31,919</b>	<b>64,055</b>

\* Respondents to survey stated that they 'forgot' in which organisation they volunteered (Ruddle and Mulvihill, 1995)

There were similar numbers engaged as volunteers (FTE) as in paid FTE employment in the voluntary and community sector. A total of 31,919 people worked as volunteers in 1995, compared with 32,136 paid employees. Of total employment, therefore, 49 per cent or just under one-half were unpaid or in-kind employees. The largest group of volunteers (45%) worked in Social Services which employed 30 per cent of the total voluntary and community workforce.

**Table 16: Comparison between Different Forms of Employment in the Voluntary and Community Sector 1995**

ICNPO Group	Paid Employees (%)	Volunteers (%)	Paid and Employees and Volunteers (%)
Social Services	16.6	44.7	30.6
Culture and Recreation	22.3	27.0	24.6
Religion	21.5	6.4	14.0
Development and Housing	15.8	10.8	13.3
Health	10.0	4.3	7.1
Education and Research	7.5	0.3	3.9
Environment	3.3	0.7	2.0
Foundations	0.4	2.8	1.6
Civic and Advocacy	1.4	0.7	1.1
International	1.2	0.7	0.9
Not Elsewhere Classified	—	1.6	0.7
Total	100	100	100

These data show more clearly, than in the earlier profile of the entire nonprofit sector, the 'might' of the voluntary and community sector which is contained in its employees. While 3.1 per cent of the non-agricultural labour force is in paid employment in the voluntary and community sector, this proportion almost doubles with the inclusion of volunteering as a form of in-kind employment. In other words, six per cent of the non-agricultural labour force works (in both a paid and unpaid capacity) in the voluntary and community sector. For the sector, of course, the 'might' of these numbers lies in the input that this workforce makes to the organisation, the tasks that these workers perform for the organisation and the responsibilities and roles that they hold.. The use of volunteers is topical the time of writing as recent events have raised this issue too.

Employment in the voluntary and community sector also compares favourably with other industries in Ireland. With FTE paid employment numbering 32,136, there are more

people in paid employment in the voluntary and community sector than in the electricity, gas and water sector, and mining, quarrying and turf. In addition, when the contribution of volunteers is included, there are greater numbers working in the voluntary and community sector than are employed in a paid full-time capacity in the wholesale distribution sector. The voluntary and community sector is, therefore, a significant employer in Irish society.

### Expenditure

Finally, expenditure in the voluntary and community sector amounted to £840m in 1995 as Table 17 shows. The biggest spender was Religion at 25 per cent of total expenditure, followed by Social Services and Development and Housing at 20 per cent and 19 per cent of total employment, respectively. When the imputed value of volunteering labour was included, the total expenditure amounted to £1,268m, with the greatest expenditure occurring in Social Services (30%), followed by Religion (18%), Development and Housing (17%) and Culture and Recreation (15%).

**Table 17: Operating Expenditure of the Voluntary and Community Sector**

ICNPO Group	Operating Expenditure (£000)	% of Total	Operating Expenditure Incl Volrs (£000)	% of Total
Social Services	167,554	19.9	382,416	30.1
Religion	206,560	24.6	231,157	18.2
Development & Housing	162,342	19.3	214,344	16.9
Culture & Recreation	112,932	13.4	192,542	15.2
Health	74,087	8.8	98,921	7.8
Education and Research	43,758	5.2	45,004	3.5
Environment	37,438	4.5	40,967	3.2
International	18,574	2.2	22,103	1.7
Foundations	6,900	0.8	20,311	1.6
Civic and Advocacy	9,875	1.2	13,404	1.1
Not Elsewhere Classified	-	-	7,473	0.6
<b>Total</b>	<b>840,020</b>	<b>100</b>	<b>1,268,643</b>	<b>100</b>

Expenditure in the voluntary and community sector amounted to 2.14 per cent of GDP and 2.4 per cent of GNP.<sup>12</sup> Compared to other industries in Ireland (see Table 8 above), the voluntary and community sector contributes half as much as public administration and defence to the economy. When the imputed value of volunteers is accounted for, however, the contribution of the voluntary and community sector amounts to three-quarters that of public administration and almost half of the contribution of agriculture, forestry and fishing.



## **Summary**

The voluntary and community sector, although smaller than the nonprofit sector, still makes a significant contribution to the Irish economy as this chapter has shown. Its paid employment stands at over three per cent of the non-agricultural work force, which compares favourably with some of the major industries in the Irish economy. Furthermore, the inclusion of volunteering, increases the contribution of the voluntary and community sector to almost seven per cent of the non-agricultural labour force. Its income and expenditure are also economically significant and serve to emphasise further the value of this sector to the Irish economy.

## Chapter 6: Ireland and the Rest of the World

So far, this report has presented the Irish findings solely within an Irish context. This section examines the economic significance of the Irish nonprofit sector within the international situation drawing on findings from the entire Comparative Nonprofit Sector Project. As Table 18 shows, not only is the Irish nonprofit sector sizeable in its own right, it also compares favourably to nonprofit sectors around the world. Paid employment, at 12.2 per cent of the non-agricultural workforce, means that the Irish nonprofit sector is the second biggest employer after the Dutch nonprofit sector. The size of the Irish nonprofit workforce is well above the EU average (7%) and the international average (5.5%). When volunteers are included as a form of in-kind employment Ireland's position remains unchanged at second place (15%) although its differential with The Netherlands (19.3%) widens quite considerably (see Table 18).

**Table 18: Paid and In-Kind Employment in the NonProfit Sector Internationally as Proportion of Non-Agricultural Labour Force**

Country	Paid Employment (%)	In-Kind (Volunteer) Employment (%)	Paid and In-Kind Employment (%)
Netherlands	12.64	6.63	19.27
Ireland	12.22	2.79	15.00
US	8.82	5.67	14.50
UK	6.45	6.35	12.80
Israel	9.32	1.82	11.14
Australia	7.41	3.50	10.91
France	4.97	5.12	10.09
Germany	5.06	3.78	8.84
Argentina	4.35	3.38	7.73
Finland	3.12	3.30	6.42
Austria	4.67	1.19	5.86
Japan	3.74	1.32	5.06
Brazil	2.45	0.70	3.15
Czech Republic	1.84	1.04	2.10
Romania	0.61	0.78	1.39
Slovakia	1.01	0.38	1.39
Total Average	5.50	3.00	8.50
EU Average	7.02	4.16	11.18

Source: Salamon, Anheier and Associates (1998)

Indeed, the international findings show that although volunteering is significant in the Irish context, volunteers make up a lower proportion of the non-agricultural workforce than is the case in most other countries in the international study. On average, volunteers in the EU make up 4.2 per cent of the non-agricultural workforce compared with 2.8 per cent in Ireland. Indeed, only one-

fifth of the Irish population volunteers (in a formal capacity), compared to 33 per cent in the EU and 30 per cent internationally. Despite this, the significance of volunteering for certain ICNPO categories within the Irish nonprofit sector stands up to international comparison. As shown earlier, volunteering is most important in Social Services, and is also important in Culture and Recreation, Development and Foundations and the proportion of volunteers in these groups in Ireland is above the international average.

The expenditure of the Irish nonprofit sector (see Table 19) is also above both the EU and international averages. Eight per cent of GDP is spent by the Irish nonprofit sector, compared to six per cent in the EU and five per cent internationally. When volunteers are included, however, expenditure is increased in Ireland to 9.5 per cent of GDP. The differential with other countries closes, however, although Ireland is still above both the EU and international averages.

**Table 19: Operating Expenditure of NonProfit Sectors Internationally as Proportion of GDP**

Country	Op Exp (excl volunteers) %	Op Exp (incl volunteers) %	Value Added* %
Netherlands	15.2	19.2	11.9
Israel	12.7	13.6	7.3
<b>Ireland</b>	<b>8.4</b>	<b>9.5</b>	<b>6.6</b>
UK	6.8	9.5	5.4
US	7.5	9.5	5.5
Australia	5.4	6.8	4.2
France	3.8	6.6	5.3
Germany	4.0	6.3	5.0
Argentina	5.1	6.3	3.7
Finland	3.9	6.0	4.0
Japan	5.0	5.5	2.8
Austria	3.0	3.6	2.5
Czech Republic	1.7	2.1	1.2
Brazil	1.5	1.7	1.0
Slovakia	1.4	1.5	0.5
Romania	0.3	0.7	0.6
<b>Total Average</b>	<b>5.4</b>	<b>6.8</b>	<b>4.2</b>
<b>EU Average</b>	<b>6.4</b>	<b>8.7</b>	<b>5.8</b>

\*Wages + imputed value of volunteer labour as percentage of GDP + imputed value of volunteer labour Source: Salamon, Anheier and Associates (1998)

Finally, revenue data show that the Irish nonprofit sector is the most dependent of all other countries in the international study on public sector support (see Table 20). What Table 20 also

shows, however, is the relative importance of private giving in Ireland, in comparison with other EU countries and indeed, the importance of individual donations. As shown earlier in Chapter 3, individual giving comprises the vast majority of the private giving (99%), which means that our image of ourselves as a nation of givers (Donoghue in press) now has some empirical basis, even if the level of individual donations in recent years has not kept pace with our booming economy (Ruddle and Mulvihill 1999).

**Table 20: Share of Cash Revenue of Nonprofit Sectors Internationally**

Country	Public Sector	Private Giving	Fees and Earnings
Ireland		74.5	15.2
Germany		64.8	31.8
Israel		63.5	26.0
Netherlands		58.8	38.6
France		57.1	34.4
Austria		47.3	47.0
UK		45.2	43.5
Romania		45.1	28.4
Japan		40.9	55.5
Czech Republic		39.5	45.6
Finland		36.0	56.8
Australia		29.9	60.9
US		27.4	51.3
Slovakia		22.1	54.2
Argentina		17.2	64.2
Total Average		44.6	43.6
EU Average		54.8	38.2

Source: Salamon, Anheier and Associates (1998)

In other countries, particularly the US, but also the UK, there are more incentives to encourage different forms of private giving. The level of individual giving in Ireland, therefore, appears to compare quite favourably with levels of private giving elsewhere. Table 20 also demonstrates the relatively low level of cash income from fees and earned sources in Ireland. For the majority of other countries in the study, income from these sources represents a sizeable proportion of their total cash income. While it is probably the case that the Irish figures reported here are an underestimate of the situation, fees and earned income may also, however, represent a source of revenue that may become more important in the future if the international trend is followed.

### Summary

Ireland's nonprofit sector is economically significant internationally as well as nationally. This chapter has, however, shown that some qualifications can be made in relation to the comparative data. Although paid employment and operating expenditures data pay tribute to the size of the Irish nonprofit sector, the contribution that volunteering makes is greater in other

countries than in Ireland. This indicates that there is scope for greater numbers to become involved in volunteering. Although we may not be as generous in the time that we give, however, we are, as individuals, more liberal with our money, even if the level of donations has not increased in line with our increased overall economic wealth. This chapter has shown too that the Irish nonprofit sector is heavily dominated by public sector payments and, unlike what is the case internationally, income from fees and other payments is relatively underdeveloped.

## Chapter 7: Discussion

### Points Arising

From the contextual information given above (see Chapter 2), several key points emerge which have been given some empirical basis by the findings presented in this report. First of all, the history of the nonprofit sector in Ireland has shown (i) the traditional importance of nonprofit provision in education, health and social services; (ii) the importance of religious organisations in such provision; (iii) the importance of community endeavour and self help, and (iv) the recent but growing importance of community development and grassroots activism.

The findings given in Chapters 3, 4, 5 and 6 serve to provide empirical evidence for what has long been suspected to be the case regarding the nonprofit sector in Ireland. Education and Health are the largest components of the nonprofit sector; they receive three-quarters of the cash income of the sector and employ over three-quarters of the paid employees in the sector. The data show too the relative importance of Community Development, Social Services, Culture and Recreation and Religion.

The discussion on policy in Chapter 2 raised the issue of funding which has been documented in the literature as an issue for nonprofit organisations. As Chapter 5 showed, when the voluntary and community sector is examined, the public sector emerges as less important as a source of funding than for the whole of the nonprofit sector. When volunteering is factored in, furthermore, private sources overtake public sources in significance, the latter declining to just one-third of total income. In addition, cash income was shown to be less than operating expenditure for the nonprofit sector as a whole. While there are methodological issues to consider (see Appendix B), it is also the case that many components of the sector do not have excess funds to spare. In Social Services, for example, a sub-sector for which 'Section 65' grants are important, in-kind income was shown to be a significant form of revenue.

Despite legal complexities, lack of regulation of the sector, policy inaction and recent debates about the accountability of the sector, the findings demonstrate that the Irish nonprofit sector is a thriving vibrant entity. It is probably of little wonder, therefore, that the relationship between the state and the nonprofit sector needs attention, as the section on policy (in Chapter 2) pointed out, because the sector is a sizeable and significant force in the Irish economy. A number of key points can therefore be seen to emerge from the findings:

- The nonprofit sector in Ireland is economically important
- The voluntary and community sector also makes a significant contribution to the economy

- Public sector financial support is large but private giving is still an important source of income
- Volunteering is important but there is possibly scope for growth

#### *The Nonprofit Sector in Ireland is Economically Important*

The nonprofit sector is a major economic force. It makes a sizeable contribution to both GDP and GNP, and is a large employer. It covers a broad range of activities from grassroots activities, experienced and having an impact at local and community level, to activities that either supplement or complement state activity (such as in mainstream health and education provision). Nonprofit providers have played a huge role in these areas for many years and in education, for example, their role is far greater than that of the state (see Donoghue 1998a). Voluntary secondary schools make up 61 per cent of all second-level schools while state schools amount to about 39 per cent. Over three-quarters of second-level students receive their education in voluntary schools. Likewise, the importance of nonprofit provision in social services has also been documented, although not as rigorously measured prior to this (Faughnan and Kelleher 1993, Mulvihill 1993, Ruddle and Donoghue 1995).

#### *The Voluntary and Community Sector makes a Significant Economic Contribution*

Even though it is smaller than the larger nonprofit sector, the voluntary and community sector is still a significant economic player. Its major components are culture, development, social services and religion. If compared to data on nonprofit sectors internationally, bearing in mind that such data have been collected on the 'broader' nonprofit sector, the voluntary and community sector in Ireland is a bigger employer than the nonprofit sectors in Japan, Central Europe and Latin America (see Salamon, Anheier and Associates 1998).

It has already been noted in the literature (Ruddle and Donoghue 1995) that community-based organisations are of increasing importance. Their importance can also be seen in the amount of money that such organisations received from the EU and in their inclusion in the recent Green Paper (Department of Social Welfare 1997) and the inclusion of the community 'voice' in consultation on national forums such as the National and Economic Social Forum, and the National Anti-Poverty Strategy (Donoghue 1998b). The findings presented here give added weight to that importance.

#### *Private Giving is an Important Source of Income*

Private giving, while amounting to significantly less than cash support from the public sector and from fee sources is, at ten per cent of cash income, an important source of revenue. Furthermore, it represents an even more significant source of income for the voluntary and

community sector, where it could be said that a 'philanthropy' model rather than a 'government dominated' model (see Salamon, Anheier and Associates 1998) begins to emerge. The importance of individual giving in Ireland gets some credibility when placed in an international context where it can be seen that despite the relatively larger number of private sources of giving available in other countries, the proportion of income coming from such sources is not hugely different from the profile presented for Ireland, and, indeed, in comparison with the rest of the EU, individual giving is far more important in Ireland.

#### *Volunteering is Significant but there is Scope for Growth*

The significance of volunteering, particularly for the voluntary and community sector, underlines the importance of philanthropy in Ireland. While the contribution to the Irish economy is significant, there is possibly scope for numbers in volunteering to increase given its relatively lesser importance in comparison with volunteering internationally.

### **Roles, Responsibilities and Relationships**

From the findings presented a number of issues can be highlighted. These have been divided into sections below for policy makers, practitioners and researchers although these categories are by no means mutually exclusive. Broadly, these issues can be conceptualised as centred on the role of the nonprofit sector in Ireland, the responsibilities that the nonprofit sector and the state have and the relationship between both sectors.

#### *Thoughts for Policy Makers*

The nonprofit sector is a significant employer or economic player and, given its economic worth, it deserves recognition. This recognition needs to take place on several fronts. Firstly, there needs to be greater recognition at policy-making level. Although this has started to happen with representation on NESF, for example, other developments are needed and there is scope for increased bargaining power. All nonprofit organisations need to feel that their worth has been recognised and that this is being given greater value in the planning process. A lack of one single body representing the sector is possibly a factor in this instance.

Recognition of the worth of the sector could also inform and possibly lead to greater emphasis on the relationship between the state and the sector which needs to be further addressed. According to the data presented here, the nonprofit sector is not insignificant and, as such, does not need to be a 'lesser' party in the relationship with the state.

#### *Thoughts for Practitioners*



The sector itself needs to engage in some recognition both of its worth and of its boundaries or what Salamon, Anheier and Associates refer to, in relation to the sector in Latin America, as 'making the sector a reality' (1998: 16). Links between different parts of the sector could be useful if only to recognise similarities and possible common goals. Recognition could also lead, however, to the development of a voice, or a number of voices for the sector, which could help in the realisation of the sector's potential and power.

The employment data indicate that there are a number of potential issues requiring attention. Firstly, the management of different kinds of staff that are employed (whether in a paid full-time, paid CE or unpaid in-kind capacity) is of vital importance. This leads to another issue, that of capacity building within the sector and the role that management training could play in that. Third, given the economic value of the sector, issues in relation to its effectiveness and the link between that and employment potential must be considered.

Volunteers and paid employees represent the 'might' of the nonprofit sector. Questions must be asked about how they are used, the skills that they have, ways in which to measure their effectiveness and ways to value their input into the sector. These questions also relates to management, mentioned above, and to the industrial relations environment. Questions could be raised, for example, about the recognition by trade unions of volunteers as employees.

The issue of funding is also raised by these data. Different sources of funding, and a possible over-dependence on one source, as well as the discretionary and insecure nature of some state funding are issues for the sector. Financing structures and mechanisms that are more structured are required, while at the same there should be a recognition that the autonomy of the sector does not have to be compromised, which is a fear expressed by representatives of the sector when the issue of funding is raised.

The sector is of a significant size and this may raise concerns about its accountability. This is an issue both within the sector and in the relationship between the state and the sector. The sector, as a whole, is vulnerable to public perceptions about its accountability and there is a need to address this issue so that nonprofit organisations do not become victims of their own success.

#### *Thoughts for Researchers*

As the data show and as is also evident from the historical and legal contexts given in Chapter 2, religious agencies are still a large part of the nonprofit sector and their role cannot be

ignored. Religious organisations are important as employers and service providers in education, health and social services. They also play a role in social commentary, whether this is on the liberal side (such as the Conference of Religious in Ireland for example) or in the advocacy of traditional conservative values. There are at least two ways in which the role of religion deserves greater attention. The first is in relation to the role of religious organisations as providers of many nonprofit services in Ireland. The second is the role of religion as a motivation in either giving or volunteering. For example, internationally Ireland ranks third in the importance of giving to religion (after Argentina at 64.7 per cent and the US at 45.6 per cent of total giving). Volunteering in religious causes is less important, however, at only six per cent in Ireland, compared with almost 60 per cent in Brazil and 33 per cent in the UK. There is clearly scope for greater investigation of those areas.

The view that the Irish hold of themselves as a nation of generous donors is given some basis in this report. Furthermore, although Irish people do not donate as much time in voluntary activities as people in other countries, volunteering is still of great economic significance within Ireland. This importance can be seen in areas such as Social Services where other forms of financial support are not as significant. Philanthropy in Ireland, therefore, deserves further exploration. Issues to be explored could include motivation, already mentioned above, and the impact of volunteering in some of the sub-groups within the nonprofit sector. This also raises issues related to the 'might' of volunteers, such as their power in numbers and the benefits they can bring to the sector or to groups within the sector. Other related issues such as training, support, and the management of different kinds of employees including volunteers are also worth investigating.

More information is required on funding sources as there is a lack of data on some areas. Corporate donations do not receive the same encouragement in Ireland as they do, for example, in the US. Although no data are reported on corporate support here, this is clearly an area that requires some attention, and which has just begun to be given some consideration in the legislation (see Chapter 2 above). The lack of available data in the public arena impedes research but is also a constraint on the sector for the sector is only gradually beginning to recognise itself and realise its own economic worth. This report has attempted to fill some of the voids that have existed in our knowledge of the sector to date but it also highlights the difficulties involved in trying to 'uncover' the sector. These difficulties raise issues related to the data collection and reporting at national accounts level. Data that help the sector recognise and acknowledge itself, and be known by others, can only aid in contributing to its might; the power of knowledge can then be put to good use. Data collection, data reporting and data sources need to be improved so that the sector

is informed about itself, can inform others and can also be empowered through having the tools for policy, planning and negotiation.

Data collection and reporting need to happen in a systematic regulated manner and to be part of the national data collection systems and procedures. This would then allow research to move from basic data collection to addressing in more detail and depth the nature of the sector and its impact which would further the field of study not only for academics but for policy makers and practitioners as well.

## Footnotes

<sup>1</sup> Recent research to date has focused on volunteering and giving (Ruddle and O'Connor 1993, Ruddle and Mulvihill 1995, 1999, Ruddle and Donoghue 1995, Lucey, Donnelly-Cox and O'Regan 1997), management and organisational behaviour of voluntary organisations (Jaffro 1996, 1998, Hayes 1996, Donnelly-Cox and O'Regan 1998), policy (Donnelly-Cox 1998, Williamson 1998), sector-state relationships (Mulvihill 1993, Faughnan and Kelleher 1993, O'Sullivan 1998), civil society (Powell and Guerin 1997, 1998) to name just a few examples (see also Donoghue 1998c).

<sup>2</sup> National schools were established in the 19th century and involved a system of support by the state, whereby the landowners (usually clergy) supplied land and contributed towards the maintenance of school buildings while the state constructed such buildings and paid the salaries of teachers and staff. The schools are recognised charities as they are built on clergy-owned land. Each school's Board of Management takes responsibility for the recruitment and appointment of teachers and the governance of the school's affairs.

<sup>3</sup> Industrial schools were religious-run institutions in which children were placed who had run foul of the law or who were, in many cases, poor or from a family that was deemed (by the state) to be incapable of providing care; such 'incapability' could be based on the grounds of morality, especially sexual morality.

<sup>4</sup> These criteria date back to 1891 and are, according to recent reports, being examined at present by the Revenue Commissioners (O Morain 1999)

<sup>5</sup> In the UK, for example, umbrella bodies in England, Scotland and Northern Ireland have played an instrumental role in compiling data on the sector (Kendall and Knapp 1996, Kendall and Almond 1998).

<sup>6</sup> Data are given for GNP as well as GDP as GNP is the usual economic indicator used in Ireland because of the amount of monies repatriated by foreign multinationals (£4bn in 1995).

<sup>7</sup> Full-time equivalence (FTE) was obtained from the census figures by using ratios supplied by the Central Statistics Office. Ratios for each ICNPO category were obtained (for FTE/headcount numbers) by dividing FTE by headcount (see Appendix B for further details on calculation of FTE).

<sup>8</sup> The Gross Value Added (GVA) contribution was 6.6 per cent. Gross Value Added is calculated using the sum of wages + the imputed value of volunteering as a proportion of GDP + the imputed value of volunteering. The contribution of the Irish nonprofit sector is, therefore, still sizeable.

<sup>9</sup> The smaller proportion of employment in International activities may be explained in several ways. Firstly, employees with overseas organisations may regard themselves as "volunteers" rather than employees because that is how many are referred to and defined by those

organisations even if they are in receipt of a nominal wage. Secondly, these employment figures are based on a Census of Population which means that to be included respondents must be resident in the country on the night of the Census. 'Volunteers' or many of the 'employees' with overseas organisations would, therefore, be out of the country on that night.

<sup>10</sup> Common use of the term voluntary sector in Ireland is usually equated with the social services while many community organisations are generally assumed to be involved in advocacy. Some of the organisations included in the definition of 'voluntary and community sector' applied in this chapter, therefore, might not be generally seen as belonging to this sector. Yet, in the case of sports organisations, many volunteers and those in paid employment with voluntary organisations such as the Gaelic Athletic Association (GAA, one of the largest voluntary organisations in the country) would strongly argue their case for its inclusion (and see Ruddle and Mulvihill, (1994, 1999) who include sports in their definition of 'voluntary' and Jaffro (1998) where respondents placed sports organisations unambiguously within the voluntary sector). A similar argument could be made for the churches who have a long history and association with voluntary activity in Ireland (relevant data mainly appear under Religion, for sacramental duties, Social Services and Health). Finally, foundations were included because although they are few in number and would not even be thought of when the voluntary sector is considered, the Green Paper in their defence has acknowledged their importance as a support for the voluntary and community sector and proposed the establishment of community foundations.

<sup>11</sup> A recent controversy on the use of volunteers in a major childcare agency has spurred some public debate on the possible over-use of volunteers in fundraising (O Morain, 1999).

<sup>12</sup> There is a greater difference between income and expenditure (14 per cent) for the voluntary and community sector than for the entire nonprofit sector. This difference is attributable to a) the multiplicity of methods and sources making comparisons difficult; b) an underestimate of income data due to the lack of full information on fees, sales, membership, dues, investments and corporate support (see Appendix B).

<sup>13</sup> Findings from 15 other countries are presented here. Although 22 countries reported findings for Phase II of the Comparative Nonprofit Sector Project (see Salamon, Anheier and Associates 1998) only 16 presented data on religious organisations. As data on religious organisations have been included in this report so far, the term 'international' refers to these 15 countries only.

## References

- Area Development Management (1996): *Annual Report 1995*, Dublin: ADM
- Arts Council (1996): *Annual Report 1995*, Dublin: Arts Council
- Brown, Terence (1985): *Ireland A Social and Cultural History 1922-1985*, London: Fontana
- Central Statistics Office (1996a): *Labour Force Survey 1995*, Dublin: Stationery Office
- Central Statistics Office (1996b): *Household Budget Survey 1995*, Dublin: Stationery Office
- Central Statistics Office (1996c): *National Income and Expenditure 1995*, Dublin: Stationery Office
- Combat Poverty Agency (1996): *Annual Report 1995*, Dublin: Combat Poverty Agency
- Coopers and Lybrand (1994): *The Employment and Economic Significance of the Cultural Industries in Ireland, Summary Report*, Dublin: Temple Bar Properties
- Cospoir (1994): *The Economic Impact of Sport in Ireland*, Department of Education
- Cousins, Mel (1997): 'Republic of Ireland', in Lester Salamon (ed.), *International Guide to NonProfit Law*, New York: Wiley and Sons
- Creative Activity for Everyone (1994): *Irish Funding Handbook*, Dublin: CAFE
- Crowley, Niall (1996): 'Frameworks for Partnership: Emerging Models and Responses' in Community Workers' Co-Operative, *Partnership in Action*, Galway: CWC
- Department of Arts, Culture and the Gaeltacht (1996): *Annual Report 1995*, Dublin: Department of Arts, Culture and the Gaeltacht
- Department of Education (1996): Personal Communication, November
- Department of Enterprise and Employment (1996): *Annual Report 1995*, Dublin: Department of Enterprise and Employment
- Department of Equality and Law Reform (1996): *Report of Department of Equality and Law Reform 1993-1997*, Dublin: Department of Equality and Law Reform
- Department of Justice (1996): *Annual Report 1995*, Dublin: Department of Justice
- Department of Social Welfare (1997): *Supporting Voluntary Activity. A Green Paper on the Community and Voluntary Sector and its Relationship with the State*. Dublin: Stationery Office
- Donnelly-Cox, Gemma (1998): 'A White Paper for the Irish Voluntary Sector: Linkages between Policy and Third Sector Organisational Issues' in *Third Sector in a Changing Policy Context: Proceedings of the 20th Anniversary Conference of the Centre for Voluntary Organisations*. London: London School of Economics
- Donnelly-Cox, Gemma and O'Regan, Andrew (1998): 'The Irish Voluntary Sector: a Case-Based Exploration of Organisational Growth Patterns and Organisational Dynamics', paper presented at the Third International Conference of the International Society for Third Sector Research, Geneva, July
- Donoghue, Freda (1998a): *Defining the Nonprofit Sector: Ireland*, Working Paper of the Johns Hopkins Comparative Nonprofit Sector Project, No. 28, edited by Lester M Salamon and Helmut K Anheier, Baltimore: The Johns Hopkins Institute for Policy Studies
- Donoghue, Freda (1998b): 'The Politicisation of Poverty in the Republic of Ireland: the role of the third sector', paper presented at the Third International Conference of the International Society for Third Sector Research, Geneva, July

- Donoghue, Freda (1998c): 'Researching Voluntary Action in Ireland: Challenges and Possibilities', in *Voluntary Action in Ireland, North and South: Report of a Research Symposium*, University of Ulster: Association for Voluntary Action Research in Ireland
- Donoghue, Freda (in press): 'Fundraising Profile of Ireland', in Thomas Harris (ed.), *International Guide to Fundraising Practices*, New York: John Wiley and Son
- ESF Evaluation Unit (1999): *ESF And the Local Urban and Rural Development Operational Programme*, Dublin: ESF Evaluation Unit
- Foras Aiseanna Saothar (1997) personal communication, October
- Foras Aiseanna Saothar (1996a): *Annual Report 1995*, Dublin: FAS
- Foras Aiseanna Saothar (1996b): *Community Employment Review 1994-1995*, Dublin: FAS
- Faughnan, Pauline and Kelleher, Patricia (1993): *The Voluntary Sector and the State: a Study of Organisations in One Region*, Dublin: Community Action Network/ Conference of Major Religious Superiors
- Gaelic Athletics Association (1997) *Annual Report 1996*, Dublin: GAA
- Government of Ireland (1997): *Sharing in Progress. National Anti-Poverty Strategy*, Dublin: Stationery Office
- Government of Ireland (1996): *Annual Report of the Comptroller and Auditor General and Appropriation Accounts 1995*, Dublin: Stationery Office.
- Government of Ireland (1995): *Estimates for Public Services*, Dublin: Stationery Office
- Government of Ireland (1995): *Revised Estimates for Public Services*, Dublin: Stationery Office
- Government of Ireland (1994): *Report of the Registrar of Friendly Societies 1993*, Dublin: Stationery Office
- Harvey, Brian (1998): 'The Voluntary Sector in Europe', *Poverty Today*, Dublin: Combat Poverty Agency.
- Harvey, Brian (1995): *The National Lottery: Ten Years On*, Dublin: Policy Research Centre.
- Hayes, Treasa (1996): *Management, Control and Accountability in Nonprofit Voluntary Organisations*, Aldershot: Avebury
- Hickson, John (1996): 'The Law and Taxation of Charities', *Irish Tax Review*, 8, 6
- ICOS (1996): *101st Annual Report 1995*. Dublin: Irish Co-Operative Organisation Society Limited.
- Irish Times (1999): 'State's Role in Church Wrongs', 27 April
- Jaffro, Gwen (1999): 'Legal Framework of, and Governance in, Voluntary Organisations. What are the Issues in the Republic of Ireland?', paper presented at the Congress on The Right Conditions for the Development of Non-Profit Organisations, Parma, Italy, February
- Jaffro, Gwen (1998): 'Insights into the Boards of Irish Voluntary Organisations', *Administration*, Vol. 46, No. 3, pp 60-91
- Jaffro, Gwen (1996): 'The Changing Nature of Irish Voluntary Social Service Organisations', *International Journal of Public Sector Management*, Vol. 9, No. 7, pp 45-59
- Kendall, Jeremy and Almond, Steve (1998): *The UK Voluntary (Third) Sector in Comparative Perspective: Exceptional Growth and Transformation*, London: London School of Economics/Johns Hopkins University
- Kendall, Jeremy and Knapp, Martin (1996): *The Voluntary Sector in the UK*, Manchester: Manchester University

Press

Lee, Joe (forthcoming): 'History of Ireland's Nonprofit Sector', paper presented to the Johns Hopkins Comparative Nonprofit Sector Project, Phase II

Lucey, Brian, Donnelly-Cox, Gemma and O'Regan, Andrew (1997): 'The Role of Corporate Donors in the Funding of Charitable Organisations', paper presented at Voluntary Action in Ireland, North and South, A Research Symposium, Trinity College Dublin, May

McInemey, Chris (1998): 'A Test of Partnership', *Poverty Today*, No. 38, Dublin: Combat Poverty Agency

Mulvihill, Ray (1993): *Voluntary-Statutory Partnerships in the Care of the Elderly*, Dublin: National Council for the Elderly

National Social Service Board (1996): *Annual Report 1995*, Dublin: NSSB

National Social Service Board (1994): *Directory of National Voluntary Organisations, Social Services Agencies and Other Useful Public Bodies*, Dublin: NSSB

Nolan, John and Burke, Andrew, (1991): *The Financing of Catholic Secondary Schools in the Free Education System*, Dublin: Council of Managers of Catholic Secondary Schools.

O Morain, Pdraig (1999): 'ISPCC backs staff as Garda continues finances inquiry', *Irish Times*, 23 January

O'Sullivan, Eoin (1998): 'Exploring Community, Voluntary Sector and State Relationships in Ireland', paper presented at the Combat Poverty Agency Conference on the Green Paper, Dublin, January

Peillon, Michel (1998): 'The Power of Inclusion: An analysis of the Green Paper on supporting voluntary activity', *Poverty Today*, No. 38. Dublin: Combat Poverty Agency

Powell, Fred and Guerin, Donal (1998): 'The Irish Third Sector and Collaboration with the State: A Case Study on the Redefinition of Civic Virtue', paper presented at the Third International Conference of the International Society for Third Sector Research, Geneva, July

Powell, Fred and Guerin, Donal (1997): *Civil Society and Social Policy*, Dublin: A&A Fannar

Revenue Commissioners (1998): Personal Communication, April.

Ruddle, Helen and Donoghue, Freda (1995): *The Organisation of Volunteering*, Dublin: Policy Research Centre

Ruddle, Helen and Mulvihill, Ray (1999): *Reaching Out: Charitable Giving and Volunteering in the Republic of Ireland*, Dublin: Policy Research Centre

Ruddle, Helen and Mulvihill, Ray (1995): *Reaching Out: Charitable Giving and Volunteering in the Republic of Ireland. The 1994 Study*, Dublin: Policy Research Centre

Ruddle, Helen and O'Connor, Joyce (1993): *Reaching Out: Charitable Giving and Volunteering in the Republic of Ireland*, Dublin: Policy Research Centre

Salamon, Lester (ed) (1997): *International Guide to Nonprofit Law*, New York: Wiley and Sons

Salamon, Lester M, Anheier, Helmut K and Associates (1998): *The Emerging Sector Revisited*, Baltimore: The Johns Hopkins Institute for Policy Studies

Salamon, Lester M and Anheier, Helmut K (1997): *Defining the Nonprofit Sector. A Cross National Analysis*. Manchester: Manchester University Press.

Salamon, Lester M and Anheier, Helmut K (1996): 'The International Classification of Nonprofit Organisations: ICNPO-Revision 1, 1996', *Working Paper of the Johns Hopkins University Comparative Nonprofit Sector Project*, no. 19, edited by Lester M Salamon and Helmut K Anheier, Baltimore: The Johns Hopkins Institute for Policy Studies

Salamon, Lester M and Anheier, Helmut K (1994): *The Emerging Sector. An Overview*, Baltimore: Johns Hopkins University



Williamson, Arthur P (1998): "The Third Sector in Ireland's Two Jurisdictions: Toward a Policy Analysis, paper presented at the Third International Conference of the International Society for Third Sector Research, Geneva, July

# Appendix A: The International Classification of Nonprofit Organisations

## Major Groups and Subgroups

### Group 1 Culture and Recreation

- 1100 Culture and Arts
- 1200 Sports
- 1300 Other Recreation and Social Clubs

### Group 2 Education and Research

- 2100 Primary and Secondary Education
- 2200 Higher Education
- 2300 Other Education
- 2400 Research Group

### Group 3 Health

- 3100 Hospitals and Rehabilitation
- 3200 Nursing Homes
- 3300 Mental Health and Crisis Intervention
- 3400 Other Health Services

### Group 4 Social Services

- 4100 Social Services
- 4200 Emergency and Relief
- 4300 Income Support and Maintenance

### Group 5 Environment

- 5100 Environment
- 5200 Animal Protection

### Group 6 Development and Housing

- 6100 Economic, Social and Community Development
- 6200 Housing
- 6300 Employment and Training

### Group 7 Law, Advocacy and Politics

- 7100 Civic and Advocacy Organisations
- 7200 Law and Legal Services
- 7300 Political Organisations

### Group 8 Philanthropic Intermediaries (Foundations) and Promotion of Voluntarism

### Group 9 International

### Group 10 Religion

### Group 11 Business and Professional Associations, Unions

### Group 12 Not Elsewhere Classified

Source: Salamon and Anheier (1996)

NB: Health, Social Services and other ICNPO groups include organisations run by religious organisations. Religion, on the other hand, comprises sacramental activities and would include the major churches in Ireland

## **Appendix B: Methodology and Data Sources Used**

### **Employment Data**

There is no nationally-available complete or representative database of nonprofit organisations in Ireland. Databases that exist such as the *Directory of National Voluntary Organisations, Social Services Agencies and Other Useful Public Bodies*, published by the National Social Service Board (1994) are not a complete listing of nonprofit organisations in the state and as the title of that publication makes clear organisations other than those that are nonprofit are also included. The directory is useful and it also differentiates between organisations that have a charity number and those that do not but it is not a complete listing of organisations with charitable exemption in Ireland as that information, up until very recently, has been classified as confidential (Donoghue 1998a).

Information on expenditure and employment is difficult to decipher from national accounting records. When a sector is believed to be 'not very important' as the nonprofit sector is held to be compared to the overall size of the economy, the household sector under NACE coding system does not have to be subdivided into households and private nonprofit institutions. It is not possible, therefore, to distinguish between household expenditure on goods and services and expenditure on goods and services by nonprofit organisations in the Irish national accounts although it is possible to decipher expenditure and employment figures for some nonprofit organisations in the education and health fields.

In general, however, data on nonprofit organisations are not reported separately and, although component data can be tracked through the national accounting system, other methods of data collection had to be employed in order to start building up a composite map of the nonprofit sector in Ireland. The Labour Force Survey (which is a sample survey), and the Population Census, collect and report on a category entitled, respectively, 'Welfare and Charitable Services' or 'Social Work and Related Activities', which are both categories for many nonprofit organisations included in most of the ICNPO groups. We decided to investigate this further with the aid of the Central Statistics Office. Meanwhile, data on education, and health, and the activity of nonprofit organisations in those categories are also available from the Central Statistics Office, although these may not be available publicly in published form. A problem with the general 'Social Work and Related Activities' category, however, is that no breakdown is available at reporting level and aggregate figures are usually published or reported for employment in this category. Furthermore, data are only available in the form of a head count and not as full-time equivalents (FTE). Nevertheless, the Central Statistics Office agreed to investigate this category for the purposes of the research.

In the 1996 population census it was estimated that 17,614 people were employed in this category. The CSO took a small sample of these (N=1,500) and going through each case individually redistributed them to the appropriate ICNPO group. These were then grossed up to account for all of the numbers working in this category. The following ICNPO groups were covered (some in part only) by this category: 1100, 1300, 2100, 2300, 3200, 3300, 3400, 4100, 4200, 4300, 5100, 5200, 6100, 6200, 6300, 7100, 7200, 8100, 9100, 10100 and 11100. This category was, however, not the only source of data for these groups. Data were also available for the following ICNPO groups from the 1996 population census as these groups are reported separately by the CSO (and this is not a double counting procedure as these data are not reported in both groups in the release of our census figures): 1100, 1200, 2100, 2200, 2400, 3100, 3200, 3400, 4100, 5100, 6100, 10100, 11100. Therefore, ICNPO groups 1300, 2300, 3300, 4200, 4300, 5200, 6200, 6300, 7100, 7200, 8100, 9100 relied solely upon the breakdown given for the 'Social Work and Related Activities' category. It should be noted, furthermore, that all of the data supplied and used are from the 1996 Census of Population.

For ICNPO group 1200, (sports), only aggregate figures were available combining both for profit and nonprofit employment. These were adjusted to account for nonprofit activity using a report on the economic significance of sport (Cospoir 1994). Cospoir (1994) suggests that 52.4 per cent of all sport-related employment is in voluntary organisations (1994: 17). As sports-related employment in that study included employment in government, manufacturing and retail, the proportions given for these were excluded from the total and the proportion (52.4%) given for voluntary organisations adjusted to cover the proportion of sporting organisations only; 78.2 per cent of sporting organisations were thereby deemed to be nonprofit organisations. This proportion was then applied to employment figures available from the 1996 census.

Full-time equivalence (FTE) was obtained from the census figures by using ratios supplied by the Central Statistics Office. Part-time employment figures were adjusted by 0.55, less than part-time employment figures were adjusted by 0.41, these were then added to full-time employment figures to get FTE. Ratios for each ICNPO group were obtained (for FTE/headcount numbers) by dividing FTE by headcount. Furthermore, a ratio for FTE for the category 'Social Work and Related Activities' was obtained from the CSO, so these figures were calculated separately for the ICNPO groups concerned and added to FTE in those groups.

### **Expenditure Data**

Average wage figures were supplied by the CSO for the following ICNPO categories: 1200,

2100, 2200, 2400, 3100, 3200, 3400, 10100, 11100, and for the ICNPO groups that come under the Irish census category 'Social Work and Related Activities'. Total wage bills were calculated thus from those figures. Average wage data for ICNPO group 1100 were calculated on the basis of a survey of the economic significance of that sector (Coopers and Lybrand 1994).

To derive operational expenditure annual reports were used as were informed opinions from practitioners within the Irish nonprofit sector. These provided "guesstimates" that could be applied, as appropriate, to each ICNPO group. "Guesstimates" were also taken of the proportion of capital expenditure to total expenditure (or operating expenditure to total expenditure). It should be noted, too, that income figures presented in Chapter 3, do not, as far as is known, include capital income.

Volunteering figures were taken from a 1994 survey on volunteering conducted among a random sample of the population (Ruddle and Mulvihill 1995). The survey data were reanalysed in order to fit them into the appropriate ICNPO group. Average hourly wages were calculated from CSO data (which we were advised to use 'with caution') for many ICNPO groups.

### **Public Sector Revenues**

The nonprofit sector is not reported separately in the national income accounts in the Republic of Ireland, although some components can be separately identified. The national income accounts are published annually as *The Annual Report of the Comptroller and Auditor General and Appropriation Accounts*, but in order to trace the income of non-profit organisations and the reporting thereof it is necessary, as Harvey (1995) has noted, to refer to both the *Estimates for Public Services* and the *Revised Estimates for Public Services*. By using a combination of all three records of national income it is possible to track many statutory grants and payments to nonprofit organisations. For certain ICNPO groups, such as Education and Health (and specifically ICNPO groups 2100, 2200, 2300, 3100), income records are far easier to track than for other ICNPO groups which require researching other sources such as the reports of individual government departments and secondary sources of information (Harvey 1995, Cospoir 1994 for example).

To assess the revenue of the nonprofit sector in Ireland, once its boundaries had been defined (see Donoghue 1998a), a 'top-down' approach was adopted. The National Accounts for 1995 were used for government grants, statutory transfers (the National Lottery) and third party payments. Details of EU funding were obtained from the annual reports of government departments. Third party payments were cross checked against the annual reports of statutory

bodies which support the nonprofit sector (such as FAS (the state training agency), Combat Poverty Agency and the National Social Service Board) and also through individual enquiries with these offices for further details.

### *Grants and Contracts*

The government funds the nonprofit sector in a number of ways such as through direct funding to schools and hospitals. Schools, for example, receive capitation grants of £50 per pupil at primary level, and £177 per pupil at secondary level. Almost two thirds of second level schools are voluntarily owned and managed, in most cases by religious orders as the school system in Ireland is primarily denominational. Under the so-called 'Free Scheme', on the passing of the Education Act in 1967, privately owned and managed secondary schools could opt for state assistance on the waiving of students' fees. Schools also receive funding to cover teachers' salaries and the salaries of other staff although it has been estimated that state funding does not cover all the salaries of staff and the shortfall is made up through other means, primarily 'voluntary' contributions from families and fundraising activities, amounting to 12.2 per cent of income (Nolan and Burke 1991).

Voluntary-run hospitals also receive a large state grant directly from the Department of Health (now Department of Health and Children). The voluntary hospitals are owned and operated by religious orders or are incorporated as charities by charter or statute. As can be seen, in the income (Chapter 3), the greatest proportion of direct state expenditure on nonprofit organisations in Ireland goes to hospitals and schools. Grants also go to arts and cultural organisations via the Arts Council. To cross check the amount of this funding, the Appropriation Accounts were double checked against the annual report of the Department of Arts, Culture and the Gaeltacht (now the Department of Arts, Heritage, Gaeltacht and the Islands) and the Arts Council's annual report for 1995.

All nonprofit organisations, therefore, identified through the *Appropriation Accounts*, the *Book of Estimates* and the *Book of Revised Estimates* for 1995 were extracted and placed in their ICNPO category. Nonprofit organisations were checked for their nonprofit status using available directories, listings and through telephone queries.

EU funding was tracked through the *Appropriation Accounts*. In some instances EU funding was not broken down separately from other direct state funding so aggregate figures were included under 'state'. Individual government departments were also contacted for the annual reports to cross check the disbursement of EU money in Ireland. Figures given in their

annual reports were also verified through calls to appropriate offices and departments such as the Department of Enterprise, Trade and Employment and Leargas.

### *Statutory Transfers*

The national lottery (in operation since 1985) is also a funder of nonprofit activity in Ireland. It operates through a state body An Post and money for disbursement is distributed via relevant government departments. National lottery funding of the nonprofit sector in Ireland, therefore, is given under 'statutory transfers' as the national lottery is a state-owned operation. Although the national lottery is, in fact, funded through public donations, its disbursement is decided by a statutory organisation and is made with some type of government influence (see Harvey 1995). National lottery payments were tracked through the *Appropriation Accounts* and cross checked and verified against Harvey's report on the national lottery (Harvey 1995).

### *Third Party Payments*

Third Party payments comprise payments through Combat Poverty Agency, National Social Service Board and funding under the Community Employment scheme which is funded by the Department of Enterprise, Trade and Employment and administered through the state training agency, FAS.

The Combat Poverty Agency was established in the mid-1980s following EU Poverty Programmes and it gives grant aid to many community-based organisations. The National Social Service Board (previously the National Social Services Council up to 1984) funds voluntarily-run and managed Citizens Information Centres. The Community Employment scheme represents a significant source of income for the sector although it was not established as a funding source for the sector but as a measure to combat long-term unemployment. As an exact breakdown of CE figures in the required form was not available, a proportionate breakdown of sectors funded in 1995 was given (FAS personal communication 1997) and these were applied to the total amount of funding given for that year and fitted to the relevant ICNPO groups.

Private health insurance is available through two companies, VHI and BUPA, although the former was the only one in operation in 1995. The Voluntary Health Insurance Board is a semi-state company established to provide insurance against hospital charges, professional fees and outpatient expenses. This third party payment was deciphered by applying the proportion of hospital beds in the voluntary public hospitals to the amount of money paid out to hospitals in 1995.

### **Private Funding**

Very few foundations operate in Ireland. Those that do are listed in CAFE's funding handbook (CAFE 1994). These were all contacted and annual reports requested from them. Where annual reports were available these were used.

Very little information is available to date on the amount of funding given by businesses to nonprofit organisations. A survey conducted during 1997 (Lucey, Donnelly-Cox and O'Regan 1997) could not be applied to the ICNPO categories. A survey of the top 1,000 companies in Ireland is still underway at the Policy Research Centre in the NCI but the findings are not available at this stage.

The figures for individual giving were compiled and re-analysed from a 1997 survey on individual donations to charity (Ruddle and Mulvihill 1999). A sample of 1,200 people was surveyed throughout 1997. The results were grossed up to allow for giving in the total population aged over 18 and were then adjusted using the Consumer Price Index for 1997 and 1996 to give figures for 1995 (reduced by four per cent). The Household Budget Survey 1995 conducted by the Central Statistics Office provided details on household spending for Religion ICNPO group 10100 as this was deemed to be possibly a more reliable estimate than that available from the survey on individual giving.

### **Private Fees and Payments**

Collecting data through the route that was taken by us meant that fees or payments information did not show up. These data were supplied, therefore, from the following sources.

#### *Culture and Arts*

A 1994 study on the employment and economic significance of the cultural industries in Ireland (which combined both nonprofit and for-profit activities) grant aid as a percentage of total turnover was estimated to be 18 per cent (Coopers and Lybrand 1994:12). For certain categories, however, this proportion was greater. From data available in this report the amount of grant aid as a proportion of income can be calculated for theatres, arts festivals, arts centres, museums and heritage centres. One third of the income of these types of organisations (33.56 per cent) was composed of grant aid, leaving 66.44 per cent of income from non-grant sources (Coopers and Lybrand 1994:6). It is possible, therefore, to allow income for culture and arts as follows: one third of income for grants and contracts; two-thirds income from non-grant aid sources can be calculated to comprise money from statutory transfers, third party payments (as these are important), foundations, direct individuals with



the remainder being placed under 'other income'.

### *Sports*

Sport is another area where income from non-state sources could be assumed to be significant. According to Cospoir, the National Sports Council, subscriptions and admission charges were the largest component of income in a survey of sporting organisations in Ireland (both nonprofit and for profit). Just under nine per cent of the income of these sporting bodies came from government grants (Cospoir 1994: 46). To cross check this information, the 1995 annual report of largest sporting voluntary organisation, the Gaelic Athletic Association (GAA), indicates that 69 per cent of the organisation's income came from admissions to games and 10 per cent came from fees. Grants, contracts and statutory transfers were therefore taken as 8.6 per cent (following Cospoir 1994: 46). The remainder (91.4%) was split between third party transfers (Community Employment Scheme workers), direct individuals, fees and sales. As third party transfers and direct individual giving were known from other sources (National Accounts for the former, survey of individual giving (Ruddle and Mulvihill 1999) for the latter), the remaining money was split between fees and sales on the basis given in GAA's annual report (1997). In other words, 85.6 per cent of the remainder went to sales, while 14.4 per cent went on fees.

### *Primary and Secondary Schools*

A survey of schools suggests that non-state funding amounts to 12.2 per cent of income (Nolan and Burke 1991:19). This is composed of fundraising activities; voluntary 'pupil contributions', donations from the religious order involved in the schools; low-interest loans from the central funds of religious orders. No breakdown of this income is provided, however, and for fee-paying nonprofit making schools the fee income would be greater. Other income, therefore, can be calculated on the basis of public sector payments amounting to 87.8 per cent of total income and the remainder (12.2 per cent) accounted for by payments from foundations (from annual reports), direct individuals (survey) and 'other income'.

### *University*

Figures from the Department of Education (personal communication 1996, now Department of Education and Science) suggest that the state grant to Universities amounted to 58.65 per cent of income for 1994/1995. Income from fees amounted to 37.61 per cent, while income from 'other sources' came to 3.74 per cent. Statutory transfers and third party payments were known from national accounts and FAS, so these were removed and the remainder split between fees and other sources.

### *Health*

Fee income to hospitals was derived by getting a breakdown of the proportion of hospital beds that are paid for by individuals. A hospital charge of £25 per day per bed is levied - as is a charge at outpatient level but this was not calculated. An upward limit of £250 per patient is charged. According to individual hospitals half of all hospital beds are paid for so the daily bed charge was applied to this figure. While not taking into account the upward limit of £250 per patient (that is, ten days' stay in acute hospitals), it is conjectured that such a figure is conservative as fee income has not been calculated for the out-patients' charge.

A report on services for older people (Mulvihill 1993) estimates that fees for nonprofit organisations providing such services amount to a range of 0-100 per cent of the organisations' income. Taking a lower and conservative estimate, therefore, and as 29 per cent of all organisations were estimated to receive between 0-20 per cent of their income from this source (with the remainder of organisations receiving more than this), a figure of ten per cent was applied to nursing home income. Unfortunately, phone calls to bodies representing nursing homes could not verify this or update the information.

### *Social Services*

A survey conducted in 1994 of social services organisations suggests that an average of 5.5 per cent of an organisation's income comes from fees (Ruddle and Donoghue 1995). Fees income was calculated on this basis.

### *Trade and Professional Organisation*

Membership fees represent a sizeable income for trade unions (Report of Registrar of Friendly Societies 1993). The Household Budget Survey 1995 was used for an estimate of monies spent per household on professional and trade organisations during 1995. As trade unions also receive money from 'other sources' an average was taken of monies received via this source as cited in the *Report of Registrar of Friendly Societies 1993* for the years 1988 to 1993 and applied, in addition, to ICNPO group 11.

### **Contributions in Kind**

The figures given for contributions in kind come from a survey on volunteering carried out in 1994 (Ruddle and Mulvihill 1995). The original data were revisited and re-analysed for the purposes of this exercise. A survey of 1,000 people drawn from a national random stratified sample presented figures for volunteering in a particular month. These data were re-analysed by

ICNPO group. The results were multiplied by 2,478.46 (for the whole population in Ireland) and by 12 for a year. This gave the total number of hours volunteered in each ICNPO group. These figures were multiplied by the average hourly wage for the appropriate ICNPO groups for 1995 based on information supplied by the CSO.

### **Data Gaps and Weaknesses Employment Data**

The employment figures are derived from the Census of Population carried out in April 1996. As such, our use of these figures means that we were dependent upon the way that respondents themselves describe what they do rather than where they work. For this reason the CSO prefers to remain at the aggregate level. We have been told, therefore, that the employment figures carry a 'health warning' and should be cited as 'unofficial CSO figures'.

In addition, the Census reports on activity, that is what people 'do'. The ICNPO categories are based on where people work, that is the categories are based on the organisation and not on the activity that individuals are engaged in. When transcribing from what people do to where people work there will, inevitably, be problems. These are probably most evident in ICNPO group 2400. Where people described themselves as doing research or as researchers they were assigned to 2400. Yet many of these could be employed as researchers in the university sector. This is probably the case, too, in ICNPO group 4. Looking at the wage bill alone it may well be the case that individuals have described themselves as involved in general social services, although they may, in fact, work in an organisation which could, more appropriately, be defined as 'income support'.

This appears to occur too in INCPO Group 6, although in this group there may well be an overlap between 'community development' and 'employment and training'. People, therefore, may be identifying themselves as involved in 'employment and training' but they may be situated in a community development organisation. This issue was further underlined or highlighted when annual reports of large organisations (in terms of income) like the area-based partnerships were examined. The partnerships are, in general, involved in a number of areas such as employment and training, enterprise development and community development. ICNPO groups 4 and 6, therefore, may sometimes not be as clear cut as such categorisation would imply.

ICNPO group 1300 is very small because the census reports recreation and sports together. The only employment appearing in group 1300 are those that were extracted from the 'social

work and related activities' category who could be more clearly assigned. Furthermore, our census reports on a category called 'membership organisations not elsewhere specified'. These were placed in ICNPO group 5100, rather than in NEC, because it was felt that they could quite appropriately be placed here rather than elsewhere.

### *Income Data*

The most obvious weaknesses are the lack of data on corporate donations to nonprofit organisations and on fees income for some ICNPO groups. Because a representative database of nonprofit organisations does not exist, it was necessary to take the 'topdown' route through the national accounts, which meant that information on fees and corporate donations was not visible. In other words, nonprofit organisations were not surveyed as we have no clear idea of the size of our field. A survey of nonprofit organisations might have indicated, for example, that state support is less than appears from the data presented in this report. (Harvey (1998) has stated that state support is not as great as observers to date would suggest.) Despite weaknesses and these caveats, however, the figures reported here represent the first attempt to rigorously collect data on the income of the nonprofit sector.

The combination of methods used to collect expenditure and revenue data represents detective work in ferreting out very covert information that is not easily available in the public arena. One example that has recently come to light provides some substance to this contention. The Revenue Commissioners have recently started to make available, on specific request, information that they hold on organisations to whom they have granted charitable exemption (Revenue Commissioners personal communication 1998). It is not possible, however, to match their information with ICNPO groups. According to the Revenue Commissioners, for example, 'organisations of benefit to the community' include (understandably) environmental organisations, women's organisations and community development organisations.

### *EU Funding*

It is worthwhile, at this stage, mentioning something about EU funding. Although there is much debate in Ireland about EU financial support, international sources do not emerge as a significant source of revenue for the nonprofit sector. A caveat must be placed, however, on this interpretation for the *Appropriation Accounts and Report of the Auditor and Comptroller General* does not always distinguish between EU and central government funding, particularly where this has been channelled through a government department. For this reason a lot of EU funding is included with other public sector sources in the figures shown. EU funding is said to make a difference in some fields (for example, community development) but given the huge

support of health and education by central government, EU money would not emerge as too significant when taken in relation to total income for the nonprofit sector as a whole.