

The Swiss Civil Society Sector in a Comparative Perspective

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Introduction

Switzerland has a strong nonprofit sector, with a long historical tradition and of high importance to the Swiss society.

Elements such as independence, individual responsibility and self-help are social cornerstones which are deeply rooted in the mind of the Swiss population and have thus shaped Switzerland's entire social system. Over the centuries, these factors have led to the development of a large and significant civil society sector alongside the state (Helmig et al., 2009). The term "civil society sector" encompasses all nonprofit organizations (NPOs) existing between state and private firms, which are, in principle, sustained by private parties and do not pursue profit oriented goals (Etzioni, 1973; Levitt, 1973). Therefore, the civil society sector (or third sector) is best described as a complement to the two social constructs "state" and "economy". NPOs point at the weaknesses in both state and economy, that consist of strong tendencies to rigid bureaucracy and the exclusive focus on profit maximization, respectively (Hansmann, 1980; Weisbrod, 1988). Meanwhile, in their way of functioning, they try to combine the strengths of the state and economy, which could be subsumed under predictability and public control on one side, and under flexibility and efficiency on the other (Seibel, 1990).

To date, only a few details about the exact contribution of the NPOs to the total economic output of Switzerland are known. To some extent, this can be explained by the heterogeneous structure of the NPOs that constitute the Swiss civil society. This heterogeneous structure is visible not only in the difference in sheer size between large economic associations and small environmentalist groups, but also in the large scope of activities NPOs conduct, ranging from sports to advocacy to humanitarian aid abroad (Lichtsteiner et al., 2008). Because of this heterogeneity the civil society sector is seldom considered a separate sector as such.

This working paper aims at narrowing down the term civil society sector in quantitative and qualitative terms, especially by discriminating between NPOs and organizations of the for-profit economic sector. The following chapter provides detail on the project's objectives, the approach to gathering and analyzing data, and the way in which NPOs have been defined for the purpose of this project. As a basis for this work, we used the guidelines of the Johns Hopkins Comparative Nonprofit Sector Project (CNP) that has been dealing with the comparative study of this sector since the early 1990s. The research project sought to document the Swiss NPOs quantitatively, following the methodological guidelines spelled out in the United Nations Handbook on Nonprofit Institutions in the System of National Accounts (United Nations, 2003) and to compare the Swiss findings to those from other countries surveyed by the CNP. It also seeks to describe the Swiss nonprofit sector qualitatively by putting this set of institutions into historical and political context. As a result the study provides the first comprehensive empirical overview of the nonprofit sector in Switzerland enabling the systematic comparison of the Swiss results to those from other countries. These major empirical findings about the scope and scale of Switzerland's civil society sector will be summarized in Chapter 2. Furthermore this chapter examines the comparisons of the Swiss findings to those of the over 40 countries on which comparable data is available.

Chapter 3 draws the key historical factors that shaped the development of NPOs in Switzerland. Chapter 4 addresses the key issues the sector is presently confronted with, particularly in terms of the impact of government policy. Finally, Chapter 5 discusses some conclusions from the findings presented here and outlines their implications for public policy, NPOs, and research.

For the publisher



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Definition and approach

1 Definition and approach

The Johns Hopkins Comparative Nonprofit Sector Project aims at bringing nonprofit organizations into better empirical and conceptual focus worldwide. To date, the project has been conducted in over 40 countries in Europe, Asia, North- and Latin America, the Middle East, Africa and Oceania.¹

Objectives

From the outset, this project has sought to accomplish five principal objectives:

- First, to document the scope, structure, financing and role of the nonprofit sector for the first time in solid empirical terms;
- Second, to explain why this sector varies in size, composition, character and role from place to place and identify the factors that seem to encourage or retard its development, including differences in history, legal arrangements, religious backgrounds, cultures, socioeconomic structures, and patterns of government policy;
- Third, to evaluate the impact these organizations have and the contributions they make, as well as the drawbacks they entail;
- Fourth, to improve awareness of this set of institutions by disseminating the results of the work and
- Fifth, to build local capacity to carry on the work in the future.

Accomplish five principal objectives with a comparative, systematic, collaborative, consultative and empirical approach.

Approach

To pursue these objectives, the project has utilized an approach that is:

- *Comparative*, covering countries at different levels of economic development and with a wide assortment of religious, cultural and political traditions. This comparative approach was a central feature of the project's methodology.
- *Systematic*, utilizing a common definition of the entities to be included and a common classification system for differentiating among them.
- *Collaborative*, relying extensively on local analysts to root project definitions and analysis in local knowledge and ensure the local experience to carry the work forward in the future.

¹ The complete list of the countries that are participating in the Johns Hopkins Comparative Nonprofit Sector Project can be found on the CNP website: www.jhu.edu/ccss.

Definition and approach

- *Consultative*, involving the active participation of local nonprofit personnel, government leaders, the press, and the business community in order to further ensure that the work in each country is responsive to the particular conditions of the country and that the results may be understood and disseminated locally. In Switzerland, the project had the support of a committee made up of sector leaders, government officials, and leading academics.²
- *Empirical*, employing a set of empirical measures of the overall level of effort that nonprofit organizations mobilize in each country, the distribution of this effort among various activities, and the sources of support for this activity.

Defining nonprofit organizations

Given the comparative and empirical nature of this inquiry, the task of developing a conclusive definition of the objects of interest took on special importance and therefore deserves special comment. This is particularly true given the somewhat contested nature of the central concepts defining the civil society sector worldwide. Therefore the CNP adopted a bottom-up, inductive approach, building up the definition from the experiences of the broad range of countries included in the project. In particular, the project funders first solicited a roadmap of the kind of entities that would reasonably be included in the civil society sector in their respective countries from the project's country-based research team. These were then compared to each other to identify where they overlapped and the core characteristics of the entities that fell into this overlapping area. Finally, the "gray areas" that existed on the fringes of this core set of characteristics were noted and a process was created for Local Associates to determine how to treat entities that occupied these gray areas.

This process led to a consensus on **five structural-operational** features that defined the entities at the center of concern. For the purpose of this project, therefore, the nonprofit sector is defined as being composed of entities that are:

- *Organized*, i.e., they have some structure and regularity to their operations, whether or not they are formally constituted or legally registered. This definition includes informal, i.e., non-registered, groups as well as formally registered ones. The ways in which institutional reality can be demonstrated include: some degree of internal organizational structure, relative persistence of goals, structures, and activities as well as meaningful organizational boundaries. The purpose of this criterion is to indisputably delimit NPOs from the informal household sector (e.g., family, neighborly help etc.)

² For a full list of the Swiss Advisory Committee see the acknowledgements page at the beginning of this report.

The definition of the nonprofit sector is based on five structural-operational features.

Definition and approach

- *Private*, i.e., they are not part of the apparatus of the state, even though they may receive substantial support from governmental sources.
- *Not profit-distributing*, i.e., they are not primarily commercial in purpose and do not distribute profits to a set of directors, stockholders, or managers. NPOs may generate surpluses in the course of their operations, but any such surpluses must be reinvested in the objectives of the organization. This criterion serves as a proxy for the “public purpose” criterion used in some definitions of nonprofit, but it does so without having to specify in advance and for all countries what valid “public purposes” are.
- *Self-governing*, i.e., they have their own mechanisms for internal governance, are able to cease operations on their own authority, and are fundamentally in control of their own affairs.
- *Non-compulsory (voluntary)*, i.e., membership or participation in them is not legally required or otherwise compulsory.

Applicability to Switzerland

The “structural-operational” definition has been tested in every country included in CNP to determine whether it is sufficiently broad to encompass the great variety of organizations commonly considered to be part of the nonprofit sector, yet sufficiently sharp to distinguish these institutions from those in the other two major sectors – market and government. When applied to the Swiss case, the CNP definition proves to be a useful approach to characterize the sector (von Schnurbein, 2006).

Based on this similar understanding of the terminology, there are no significant aberrations from the CNP’s structural-operational definition that will serve as the basis for analyzing Swiss NPOs in the context of this paper. All organizations that are characterized as privately governed and not profit-driven residing between state and market-driven private firms are considered as NPOs. These organizations focus on specific missions such as the fulfillment of social needs, promotion and/or representation/influencing of interests for their own members (self-help) or third parties (Schwarz et al., 2009).

There are, however, certain Swiss peculiarities to be explained in the following discussion of the structural-operational definition:³

- Swiss law makes a clear distinction between civil and public law and so the demarcation between institutions of the civil society sector and the public authorities is clear and unequivocal in most cases. However, because the state

Swiss peculiarities
of the structural-
operational
definition.

³ For a discussion concerning the applicability of the structural-operational definition in the Swiss NPO context see Helmig et al., (2009).

Definition and approach

can also operate in a form subject to private law, there are some instances where it is difficult to clearly assign such organizations to the civil society sector as defined by the CNP (Münch et al., 2005), i.e., the state operates certain foundations under public law and often outsources government functions to such foundations. One of the best known of these foundations is the cultural foundation “Pro Helvetia” which promotes cultural and artistic activities in Switzerland (Purtschert et al., 2003). These foundations in Switzerland which are private organizations operating under public law are deemed in-scope for the sake of this study.

- Due to the federalist system in Switzerland, many associations on a national level have branches in the cantons or communes (i.e., political parties, associations, labor unions etc.). Although these branches normally have the same basic orientation and goals, the central governing body does not govern them. The branches primarily make their decisions autonomously and elect their own bodies. As a result, the CNP criterion also applies to such organizations and they are considered within the scope of this study.
- Unlike other participating CNP countries, cooperatives in Switzerland must be considered individually and can thus not be excluded altogether from the civil society sector. Furthermore, cooperatives in Switzerland have influenced the development of the Swiss political system and differ somewhat from cooperatives in neighboring countries through their tradition and their importance (Purtschert et al., 2005). In addition, cooperatives can be tax-exempted by the state if the criteria for a public utility organization as defined by the respective authorities apply.⁴
- In the case of Switzerland, it is important to mention that not all of the religious organizations were included in the study. Although some religious groupings stand out from the mass of private congregations because the state has granted them a status under public law (Famos, 1999), the general principle that applies to the law on relations between the state and the churches is that religious groupings are subject to private law, if they seek to constitute themselves as a legal object. The Confederation is responsible for ensuring religious freedom. However, the cantons are in charge of regulating church powers (Rhinow et al., 2003). This cantonal dimension means individual religious groupings do not have the same status under public law in all cantons. Out of the more than 1,000 religious congregations in Switzerland, only four denominations (Roman Catholic, Reformed Protestant, Old Catholic, Jewish) have been granted a status under public law (Blümle et al., 1993). This recognition under public law led to a transfer of a wide range of rights and obligations to religious groupings.

A full description of these would go beyond the scope of this paper but even a brief review shows that religious groupings can enact legal instruments, impose taxes, make use of administrative coercion to assert fiscal demands and official rulings and enjoy tax relief. In addition, they are allowed to give religious education in public schools

⁴ For legal issues concerning the Swiss NPO sector see Jakob et al. (2009).

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and to run theology faculties in universities under the direction of the state (Famos, 1999). Finally, the recognition under public law means that a religious grouping is constituted as a legal entity under public law and is thus associated with the state. For this reason, religious groupings under public law are not included for the purposes of the CNP because they do not correspond to the CNP definition (Cattacin, 2003; Famos, 1999).

We can summarize by asserting that the structural-operational definition with its five criteria enables a very plausible classification and outline of the heterogeneous Swiss NPO-landscape.

International Classification of Nonprofit Organizations (ICNPO)

As a further aid to depicting the entities embraced within the project definition, the CNP formulated a classification scheme for differentiating these entities according to their primary activity. For this purpose, the project introduced the International Classification of Nonprofit Organizations (ICNPO), formulated on the basis of the International Standard Industrial Classification (ISIC), but incorporating more detailed categories in the areas relevant for nonprofit activities. The ICNPO identifies twelve categories of nonprofit organization activity. Each of these categories in turn is further divided into subcategories.

Twelve categories of nonprofit organization activity.

Code	Field	Code	Field
1	Culture and recreation	7	Civic and advocacy
2	Education and research	8	Philanthropic intermediaries
3	Health	9	International
4	Social services	10	Religious congregations
5	Environment	11	Business and professional, unions
6	Development and housing	12	Not elsewhere classified (n.e.c.)

Table 1: International Classification of Nonprofit Organizations

Within the classification, a distinction has been made between the role of NPOs in providing tangible services, and wider functions such as advocacy, community building, connecting individuals, providing a home for 'social movements' and acting as vehicles for a variety of other sentiments and impulses. Furthermore, religiously affiliated service organizations (e.g., schools, hospitals or homeless shelters operated by religious worship organizations) were assigned to the relevant service field in which they chiefly operate (e.g., health, education or social services). The organizations primarily engaged in religious worship under private law, by contrast, were assigned to the special category of "Religious congregations" (ICNPO group

Definition and approach

Distinction of two broad general categories.

10).⁵ To simplify descriptions of these roles, it has become convenient to group the 12 ICNPO categories into two broad general categories:

- **Service functions**, which involve the delivery of direct services such as education, health, housing and community development, social services and
- **Expressive functions**, which involve activities that provide avenues for the expression of cultural, religious, professional or policy values and interests. Included here are civic and advocacy; arts, culture, and recreation; environmental protection; and business, labor, religious, and professional representation.

This distinction between expressive and service functions is far from perfect and many organizations are engaged in both. Nevertheless, the distinction can help highlight the different roles that nonprofit organizations can play.

Clusters of countries that share features in the overall structure of the civil society sector enable richer comparisons.

To make sense of the data from the 42 countries covered by their work, the CNP researchers identified certain clusters of countries that shared some basic features in the overall structure of their civil society sectors. These features included the relative size of the sector, volunteer participation, revenue and structure. Other factors taken into account in forming these clusters included the countries' levels of economic development, their social and political histories and their regions. These clusters made it possible to make richer comparisons among countries than were possible through simple comparisons of each country to the country averages. As will become clear in the following chapters, Switzerland bears closest resemblance to the liberal cluster.

Data sources and methodology

To ensure a reasonable degree of comparability the Swiss country report followed the methods outlined in the United Nations Handbook on Nonprofit Institutions (United Nations, 2003), the official UN guidance document for governments to account for the economic value of their nonprofit sectors, which drew heavily on the experience of the Johns Hopkins Comparative Nonprofit Sector Project. The CNP specified a common set of target data items, offered guidance on likely sources of such data and then relied on the Swiss Local Associates to formulate detailed strategies for generating the needed information. The principal focus of the project lies on the overall scope and scale of the NPOs' activity and the resources required to support it. For this reason the project focused on variables indicative of the level of effort these institutions mobilize. For instance, these included the number of workers, both paid and volunteer, the expenditures, the sources of revenue and the primary activity.

⁵ Data on religion were not available in the following countries: Colombia, Egypt, India, Morocco, Peru, and Spain.

Definition and approach

Different sources were employed to generate estimates of the key variables:

- Official economic statistics (e.g., employment surveys, business survey or administrative records etc.), particularly those that included coverage of NPOs, giving or volunteering. Where the civil society organizations were not separately identified in the data source, as was often the case, a variety of estimating techniques were used to determine the civil society organizations share of particular industry aggregates.
- Supplementary surveys, particularly those focusing on giving and volunteering, data assembled by intermediary associations representing various types of NPOs and specialized surveys of NPOs.
- Because the supplemental surveys were still inadequate due to insufficient coverage of the legal form of the associations, a special association survey was carried out.

Official economic statistics, supplementary surveys and a special association survey generate estimates of the key variables.

Although CNP data was collected on different countries at different time periods between 1995 and 2009, attempts have been made to minimize the consequences of the different base years to allow for comparison to the Swiss data. This is achieved by focusing on the relative size of the civil society sector in a country rather than the absolute size, since the relative size will be more stable for the period under examination. Thus, the workforce was measured as a percentage of the economically active population, and revenues as a percent of gross domestic product (GDP).

Workforce data for NPOs – on both paid staff and volunteers – are expressed in full-time equivalent terms (FTE) to make them comparable among countries and organizations. Thus, NPOs that employ twenty half-time workers would have the same number of FTE- workers as an organization that employs ten people full-time. Similarly, a nonprofit organization that employs ten full-time paid workers would have the same workforce as an organization that engages fifty volunteers who work one day a week, or one-fifth time, each. Part-time workloads, paid and unpaid, were converted to FTE terms by dividing the workload by the numbers of hours considered to represent a full-time job in Switzerland (42 hours a week).

Unless otherwise noted, average figures reported here are un-weighted averages in which the values of all countries are counted equally, regardless of the size of the country or of its civil society sector. Throughout this comparative report monetary values are expressed in U.S. dollars at the exchange rate in effect as of the date for which data are reported, which was 2005. The number of countries covered varies somewhat by data availability. Total workforce data are available on 42 countries; however, data on the distribution of the workforce by field were not available in two countries: Egypt and Morocco. Revenue data were not available for Egypt, India and Morocco.

Definition and approach

Different patterns in the distribution of civil society characteristics around the world.

Five models illustrate regional differences and their development.

The Swiss Nonprofit Sector and Global Patterns of Civil Society Development

In the process of comparing data on the 42 countries in the CNP database, it has been possible to identify several more or less distinctive patterns in the distribution of civil society characteristics around the world. The Social Origins of Civil Society theory stipulates that these “types” of civil society sectors have resulted from important regional or historical influences (Salamon et al., 2010). Integration of the Swiss data into the CNP data set allows us to identify where the Swiss nonprofit sector fits into this Social Origins models (which will be done in Chapter 2).

Based on the current data, the 42 countries covered by this project are divided into five models in order to illustrate the considerable regional differences between the various civil society sectors and their development. Countries with similar backgrounds as far as key variables are concerned may be categorized by means of these typical models as an approximation, as each of these models features similarities with respect to its key factors and historical development (Arts et al., 2002).

Model	Dimension				
	Workforce Size	Volunteer Share	Government Support	Philanthropic Support	Expressive Share
Liberal	Large	Medium - high	Medium - small	Medium - high	Smaller than service
Welfare Partnership	Large	Low - medium	High	Low	Smaller than service
Social Democratic	Large	High	Medium	Medium	Larger than service
Deferred Democratization	Small	Low	Low		
Traditional	Small	Medium - high	Low		Smaller than service

Table 2: Models of Civil Society Sector Structure (Salamon et al., 2010)

The first three models encompass industrialized countries whose civil societies play an important role and where democratic values have been well-established for a long time. These countries have in common that certain mechanisms for social provision designed to reduce the negative impact of industrialization have prevailed (e.g., social security institutions). However, these mechanisms are anchored differently in the three models.

Definition and approach

- In the **liberal model**, government involvement in social welfare activities remains relatively limited and greater reliance is placed on private charity and civil society organizations to take care of human needs, especially in the welfare sector. As a consequence, this model is characterized by a relatively large nonprofit sector with a fairly sizeable private support (either volunteers or philanthropy), but noticeably less so by government (compared at least to other models). Typical examples are: New Zealand, Great Britain, United States and by tendency Canada, Australia and Switzerland.
- A second model, the **welfare partnership model**, emerged in industrialized democracies and reflects a system of political organization in which various interest groups cooperate with a governing jurisdiction to achieve common societal goals. It is characterized by a civil society sector that is unusually large, with a sizable share of its revenue coming from government rather than from private charity or private fees and relies more heavily on paid staff as opposed to volunteers compared to other models. Countries typically belonging to the welfare partnership model are: Belgium, France, Germany, Ireland, The Netherlands and Israel, as well as, with some restrictions, Italy, Portugal and Spain.
- As a third model in industrialized Western European countries, the **social democratic model** has developed where state involvement in social policy is quite expansive, and not just as a funder of services, but also as a provider of them. In this context, the service role of civil society organizations is circumscribed. But this does not mean that civil society activity is non-existent. To the contrary, civil society can be quite sizable and robust in such settings, but with especially high proportions of volunteer involvement and a heavy focus on essentially expressive functions such as advocacy, sports, recreation, and culture. In spite of high overall level of government social spending, however, the share of government support for the sector is relatively modest, since most of the human services are provided by the public sector. Thus, civil society sector activities tend to be self-supporting. Countries such as Finland, Norway, Sweden and Austria belong to this cluster.

Furthermore, two models have developed where the civil society sector plays a less prominent role. This is the case in countries whose economic development set in later than in Western Europe or North America or where undemocratic practices by the authorities stunted the development of civil society organizations.

- In the **deferred democratization model**, the state historically took a position of active opposition to certain forms of civil society activity, perceiving them as a threat to state authority or economic development policies, or at least neglects to provide any support for them. In such settings, the civil society sector remains quite small even after the abandonment of repressive state policies, with little government support, and little mobilization of volunteers. Countries affiliated with this model are Brazil, Colombia, Poland and Slovakia, as well as borderline cases such as Czech Republic, Japan, South Korea, Hungary, Mexico, Peru and Romania.

Definition and approach

- Finally, the **traditional model** includes less developed countries with limited democratic rule. Characteristic features of this traditional pattern are relatively small civil society sectors with limited government support. In the first instance, traditional values and private structures are important for social interaction and help, which explains the low number of formal NPOs in this model. Another characteristic feature is that the main function of civil society sector organizations in such societies tends to be poverty relief and development assistance relying heavily on foreign support (foundations, former colonial powers) or religious organizations for funding. Thus, the colonial past is clearly visible in some countries such as Pakistan, Kenya, Tanzania, Uganda or the Philippines. Other countries such as India, and South Africa also share some features of this model.

Switzerland: hybrid classification.

As was visible in the data (and further will be), Switzerland isn't a typical representative of the liberal cluster. Switzerland shares some features of the liberal model but according to Nollert (2007) it can no longer be unambiguously allocated to the liberal cluster. The liberal attribution corresponds to the historical classification, after the 1980s, however, the classification is no longer unequivocal and many indicators suggest Switzerland may be a hybrid of the welfare partnership or even the social-democratic model (Arts et al., 2002). This is due to the ever-increasing importance of social security (old age and survivors insurance, health insurance, unemployment aid) and the comparatively employee-friendly labor laws that aren't consistent with the classical liberal model anymore (Nollert, 2007).

Dimensions of Switzerland's civil society sector

2 Dimensions of Switzerland's civil society sector

The Civil society sector is a considerable component of the Swiss economy. Not only in terms of workforce employed, but also concerning revenue, the Civil Society sector in Switzerland is of greater importance than many for-profit sectors.

Great importance of the civil society sector in Switzerland.

Size of Workforce: The Civil society sector is a considerable component of the Swiss economy. As of 2005, Swiss civil society organizations employed 180,000 full-time equivalent workers (FTE). This number represents about 4.5 percent of total employment. In addition, these organizations engaged over 1.6 million volunteers who contributed about 155 hours of their time per year on average. Volunteer participation therefore adds another 107,000 full-time jobs, bringing the total workforce of Swiss civil society sector organizations to nearly 287,000 full-time equivalent workers, or 6.9 percent of the country's economically active population (EAP).

Figure 1 gauges the size of the civil society sector's workforce against that of four major industries. In absolute figures, but also in a comparison relative to other industries, the civil society sector is of noteworthy importance in Switzerland. As the figure shows, the size of the civil society workforce is second to manufacturing (621,000 FTE), exceeds employment in construction (275,000 FTE), and agriculture and fishing (160,000). With regard to the prevalent image of the Swiss economy, it is noteworthy that the civil society sector even exceeds the sector of financial intermediation (181,000).⁶

The civil society sector exceeds the sector of financial intermediation.

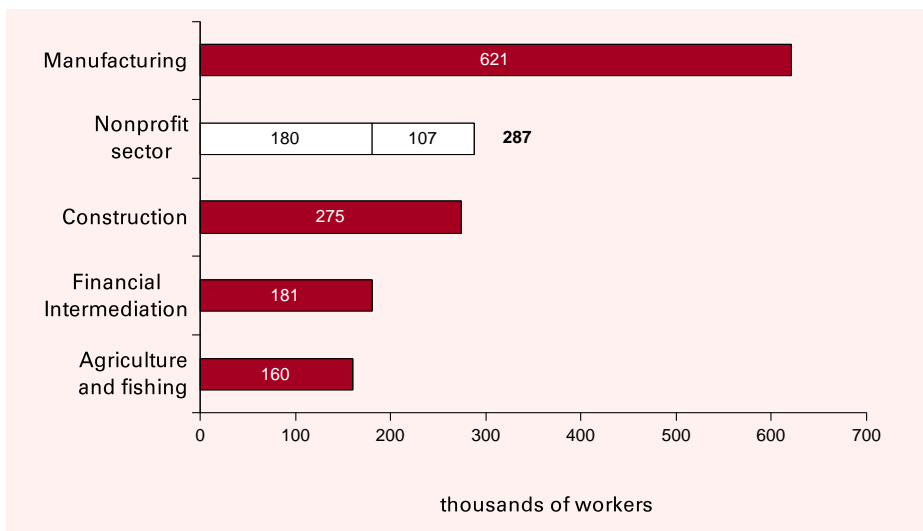


Figure 1: Workforce, civil society sector vs. selected industries, Switzerland 2005

⁶ Data retrieved from the Swiss Federal Statistical Office (BFS, 2009).

Dimensions of Switzerland's civil society sector

High relative size of Switzerland's civil society sector.

Adopting an international perspective, **Figure 2** demonstrates that the civil society sector in Switzerland is quite sizable in relation to other countries. Measured as a share of the economically active population, the workforce of the Swiss civil society sector as of 2005 ranked substantially above the 42-country average for which such data is available (6.9 and 5.6 percent of EAP, respectively).

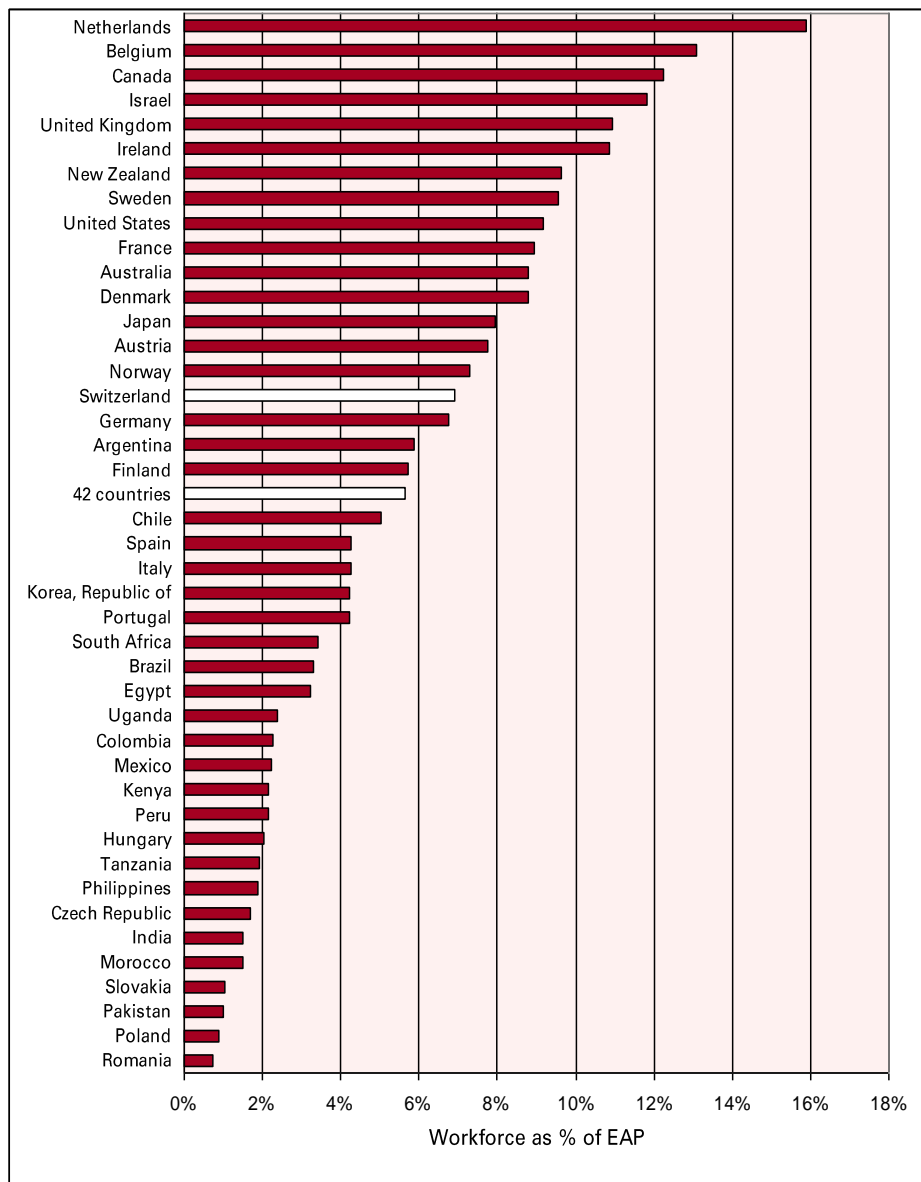


Figure 2: Size of civil society workforce in 42 countries

Dimensions of Switzerland's civil society sector

This puts Switzerland above several high-income countries of Europe, most notably its northern neighbor Germany (6.8 percent of EAP), but below its eastern neighbor Austria (7.9 percent), and the western neighbor France (9 percent). If one compares the size of the workforce in the Swiss civil society sector with the average values of the country clusters, Switzerland is placed at a considerable distance from the liberal country cluster, of which it generally is considered being a part. As **Figure 3** shows, the size of the Swiss civil society sector is even slightly below the average of the social-democratic country cluster (7.6 percent), but still considerably above the deferred democratization cluster. This pattern of government-civil society-relations is rooted in the long Swiss tradition of small government and strong civil society, as discussed in more detail in Chapter 3.

A peculiarity of Switzerland's civil society sector.

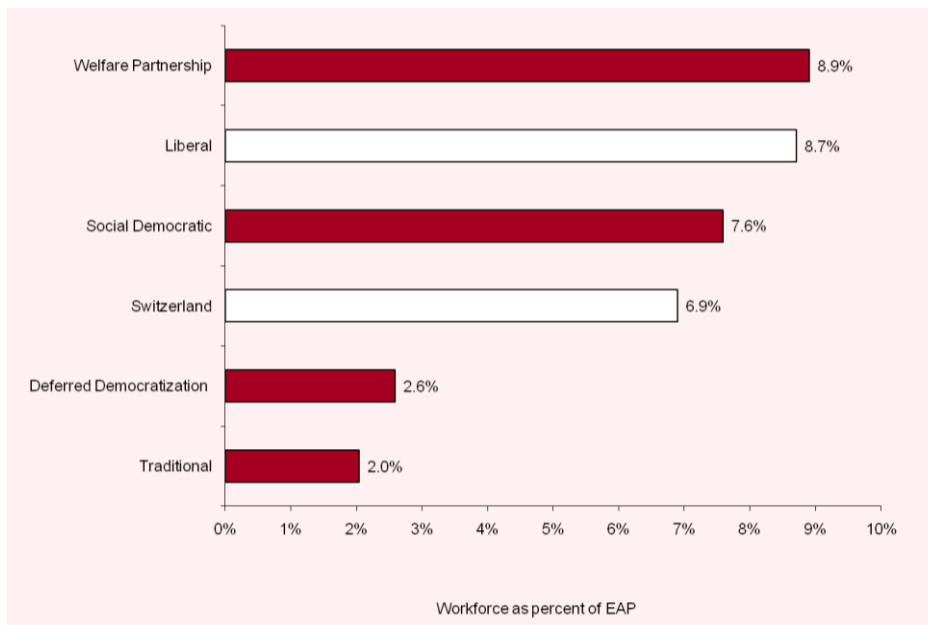


Figure 3: Civil society sector workforce, Switzerland 2005 vs. country clusters

Volunteer participation: Around 1.6 million people, or over 26 percent of the Swiss population, formally engage in some form of volunteer work, contributing over 250 million work hours to civil society organizations in 2005. This translates into more than 107,000 full-time jobs⁷, which represents 3.4 percent of the economically active population. The actual number of people volunteering in organizations of the civil society sector should even be significantly higher, as most volunteers work part time only. As shown in **Figure 4**, the time invested by volunteers accounted for a significant share (37 percent) of the entire civil society workforce.

The importance of volunteer work in Switzerland.

⁷ Additional 25'000 FTE of volunteer's work in churches, have not been included in the figures due to the public status of these churches.

Dimensions of Switzerland's civil society sector

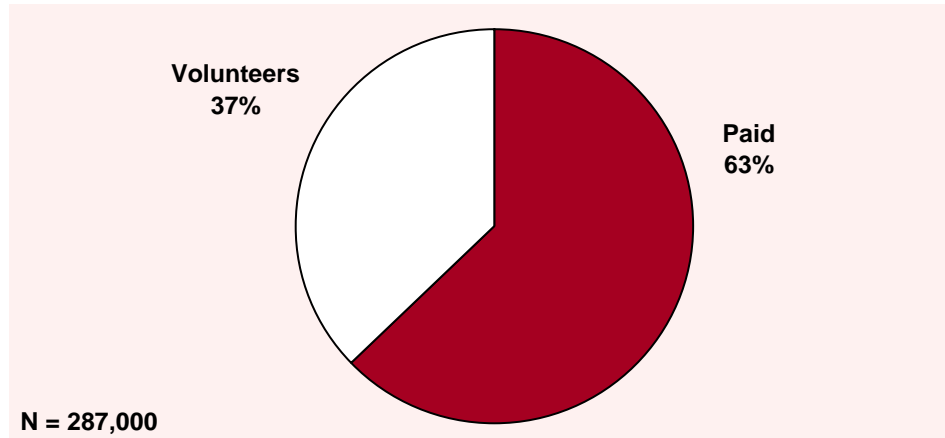


Figure 4: Composition of the civil society sector workforce, Switzerland 2005

Nevertheless, this share of volunteer input in Switzerland is below the 42-country average of 42 percent. The importance of the volunteer input is also considerably below the liberal country cluster average (44 percent). Although Switzerland is considered as being part of the liberal cluster, the ratio of volunteer input to the total workforce is closer to the average ratio of the countries in the deferred democratization and welfare partnership cluster, as **Figure 5** demonstrates.

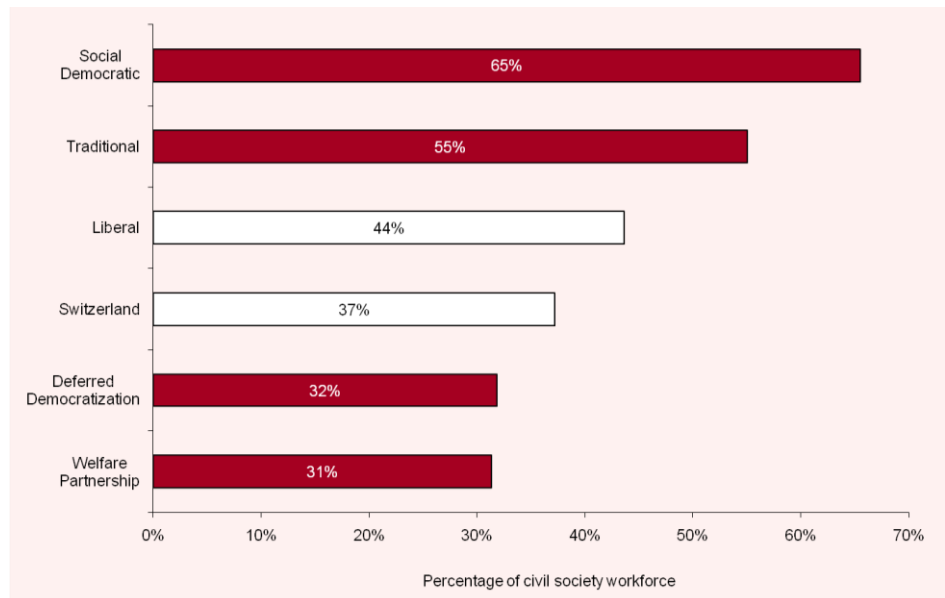


Figure 5: Volunteer share of civil society workforce, Switzerland 2005 vs. country clusters

Dimensions of Switzerland's civil society sector

Composition of civil society sector activity: Most (about 63.5 percent) of the civil society sector workforce (paid and volunteer) in Switzerland is engaged in service activities. Within this group, the sub-categories of social services and health care take on the largest share of total civil society workforce, with 32 percent and 21 percent of the total percentages respectively. As shown in **Figure 6**, expressive activities account for another 33 percent of the total workforce in the civil society sector. In this field, the subcategory of culture, sports, and recreation clearly dominates with a share of 26 percent.

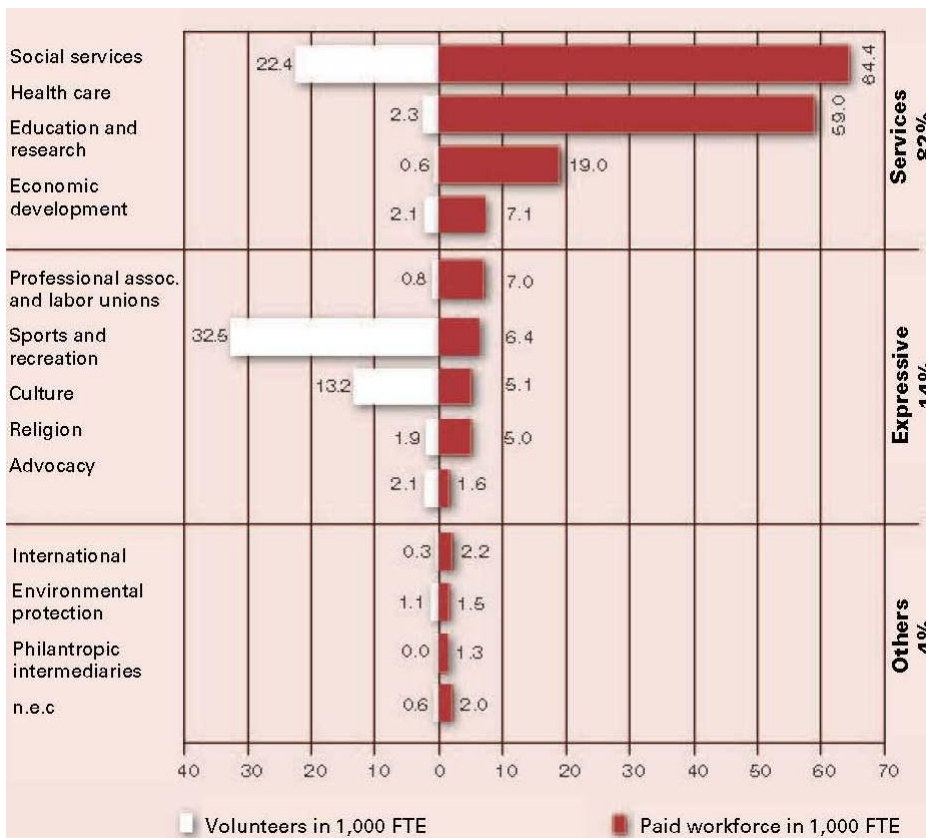


Figure 6: Distribution of civil society sector workforce by field, Switzerland 2005

Looking closer at the composition of the total workforce (paid and unpaid work) as shown in **Figure 7**, an important pattern emerges: in comparison to the services field, the expressive activities rely heavily on volunteer participation. They account for an impressive share of 65 percent of the entire volunteer work. Paid staff therefore seems to be less frequent in the expressive activities. Within this field, the subcategory culture, sports, and recreation alone accounts for 59 percent of the total volunteer work and therefore takes over a significant role.

Volunteer work is very important in the field of expressive activities.

Dimensions of Switzerland's civil society sector

The service field relies heavily on paid work.

In contrast to this, the categories of the service field sum up to a share of 82 percent of the entire paid work within the civil society sector. Within this field, the social services and health care account for 35 percent and 32 percent of the total paid work respectively. As can be seen, the distribution of volunteers and paid staff is diametrically opposed in these two specific areas.

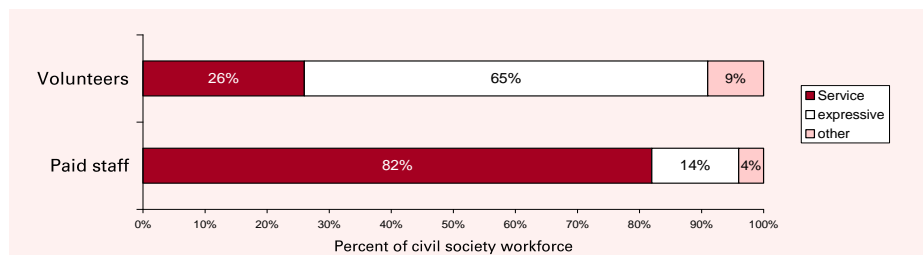


Figure 7: Paid staff and volunteers by activity type, Switzerland 2005

The distribution of the workforce on the level of the aggregated shares.

On the level of the aggregated shares (paid and volunteer), the distribution of the workforce between service and expressive activities is similar to that found, on average, in the liberal country cluster. As **Figure 8** shows, the Swiss service sector equals the average in this cluster (55 percent), while the sector of expressive activities is slightly bigger (44 percent) in terms of workforce than in the average liberal country (37 percent).

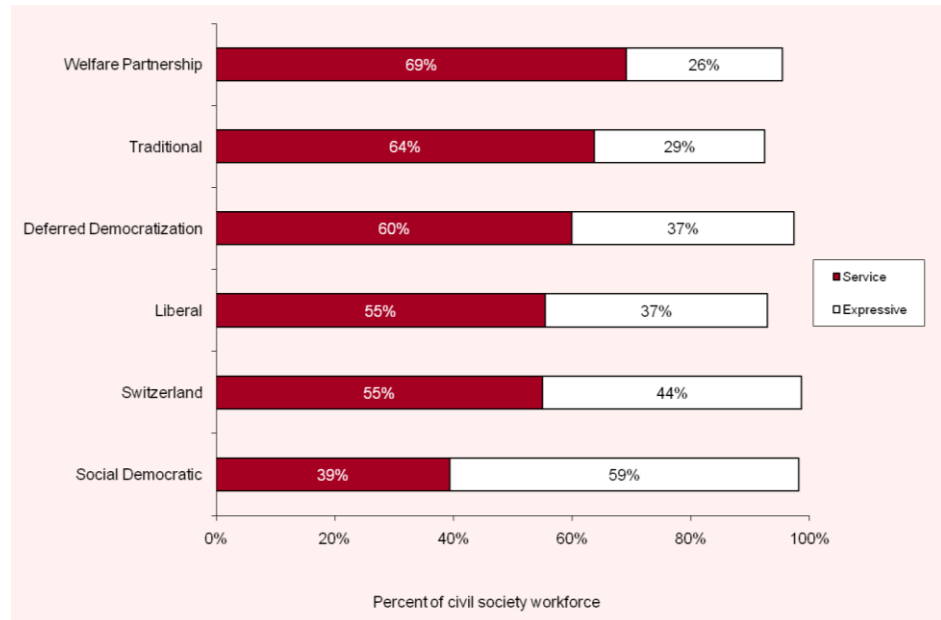


Figure 8: Service and expressive shares of civil society workforce, Switzerland 2005 vs. country clusters

Dimensions of Switzerland's civil society sector

Revenue sources: The total revenue of the civil society sector in Switzerland was over 25 billion Swiss Francs (\$ 19 billion) in 2005. More than half of that amount (58 percent) was derived from fees and sales, as **Figure 9** shows. The second largest source is government funding, which accounts for 35 percent, while private philanthropy provides the remaining 8 percent of the total income.

More than half of the amount of revenue stems from fees and sales.

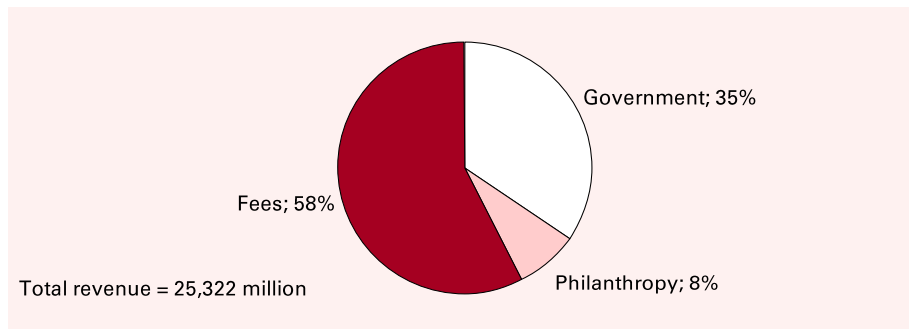


Figure 9: Revenue of nonprofit organizations by source, Switzerland 2005

This distribution of the civil society sector's income is similar to that found in the liberal country cluster, where the share of fees averages 51 percent and government payments represent 35 percent of the total revenue, as **Figure 10** shows. Nevertheless, the share of private philanthropy in Switzerland (8 percent) is significantly lower than the average in the liberal country cluster (13 percent), which is outweighed by a larger income through fees.

The distribution of Switzerland's civil society sector income.

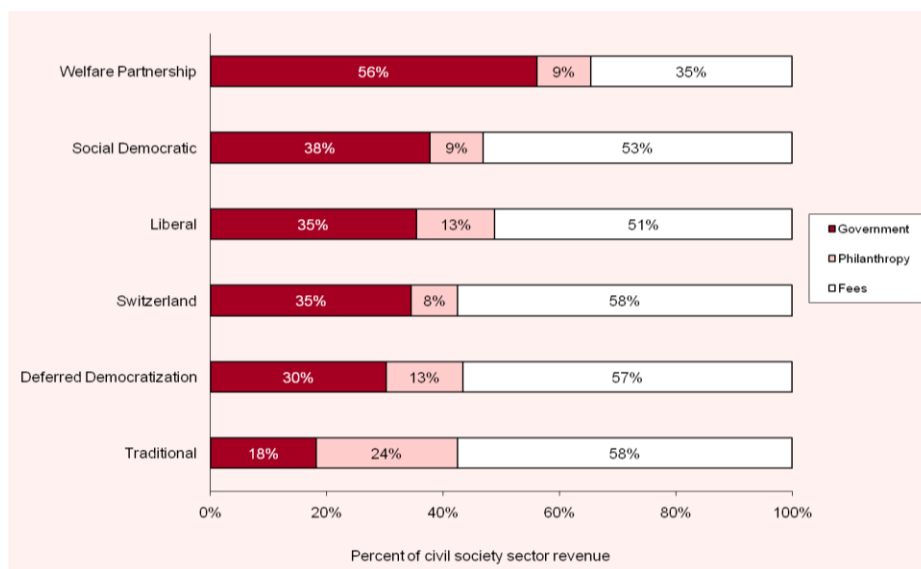


Figure 10: Civil society sector revenue structure, Switzerland 2005 vs. country clusters

Dimensions of Switzerland's civil society sector

Different significance of private philanthropy.

Within the civil society sector, the health and social services fields have the highest share of government income (45 percent), as **Table 3** shows. While private philanthropy is a minor source of support to the sector as a whole, it is the dominant source in international activities (47 percent) and a major source in religion (43 percent) and environmental protection (20 percent). In the case of religious organizations, this can be explained through the inexistence of governmental support, inevitably leading to a higher share of income through philanthropy. However, regarding the organizations in the field of international activities, private philanthropy is the main source of income, although there is significant financial support by the government (33 percent).

Field	Government	Philanthropy	Fees
Service fields	41%	5%	54%
Health care	45%	3%	52%
Education and research	29%	1%	70%
Social services	45%	9%	46%
Economic development	24%	4%	72%
Expressive fields	13%	16%	71%
Environmental protection	15%	20%	65%
Culture, sports, and recreation	22%	14%	64%
Religion	0%	43%	57%
Professional associations, labor unions	5%	2%	93%
Advocacy	11%	6%	83%
Other	21%	24%	56%
Philanthropic intermediaries	1%	10%	89%
International	33%	47%	20%
N.E.C.	22%	1%	77%

Table 3: Civil society sector revenue, by field, by source, Switzerland 2005

These individual characteristics of the ICNPO-Groups regarding their income structure lead to a clear pattern on the aggregated level, which clearly distinguishes between the expressive and the service fields. While the share of government support in the service fields is relatively high (41 percent of total income), the organizations of the expressive fields rely heavily on income through fees (71 percent).

In sum, the civil society sector in Switzerland is a considerable component of the Swiss economy and exhibits key characteristics of the liberal pattern. It is large in size, engages a relatively large volunteer workforce, and derives most of its revenue from fees and government support.

Explaining the shape of Switzerland's civil society sector

3 Explaining the shape of Switzerland's civil society sector

The scale and importance of the Swiss civil society sector is best explained by the historical events and peculiarities that have marked the Swiss case for the past centuries. Besides the historical circumstances which had a direct influence on the development of the Swiss civil society sector, its exposure to different cultural influences due to Switzerland's geographical position in the heart of Europe has certainly played its part as well.

The civil society sector in Switzerland has many features in common with countries we have grouped together in the "liberal model," as the preceding section and the former chapter indicate. The historical roots of this liberal pattern lie in the weak position of aristocracy and the relative weakness of centralized state authority, which enabled urban merchants and industrialists to emerge as the dominant socio-economic class. The ideological hegemony of the bourgeoisie, the strong tradition of local self-governance, and the relative affluence of the Swiss society strongly favored private solutions of social and economic problems over state action. The development of modern Switzerland and its NPOs is also closely linked to Switzerland's century-old struggle against its powerful neighbors. Its oligarchic leadership and confederate state structure prevented the development of even a distant or personalized image of the state in the minds of the population (Helmig et al., 2009)

The political environment by the end of the Middle-Ages created favorable conditions for the development of (trade) guilds, which may be considered the forerunners of modern civil society organizations in Switzerland. This environment developed when the landed aristocracy lost its dominant position in the territories forming the present-day Switzerland, while the urban bourgeoisie assumed the dominant role. The country was fragmented along political and religious lines, with local jurisdictions (cantons) having a significant level of sovereignty. The main purpose of the emerging guilds was the protection of business interests through market regulation, but it also included many social functions, including maintaining social solidarity and providing a social safety net for their members. However, during the Reformation, local jurisdictions assumed increased financial responsibility for providing assistance to the poor.

Numerous other formations also existed bearing resemblances to present-day NPOs: e.g., family; religious and charitable foundations; cooperatives; corporations; fraternities etc. Corporations, for example, were originally founded to coordinate the laborious operations in agriculture, such as the coordination of sowing and harvesting deadlines in three-field crop rotation or the sharing of pastures, woods, alps or watercourses (Stadler, 2004). As for foundations, religiously motivated organizations were predominant. With their roots in the principle of Christian charity, the earliest religious foundations had charitable purposes. Their assets often consisted of buildings, real estate and/or forests (Lichtsteiner et al., 2008). These restricted special funds and their return enabled the construction and support of hospitals, almshouses and orphanages.

Historical circumstances and different cultural influences help to explain the importance of Switzerland's civil society sector.

Explaining the shape of Switzerland's civil society sector

However, in addition to these religious welfare charities, we also find charitable foundations subject to secular law. These early forms are the basis of the classic foundation that still exists today (Riemer, 1981). One of most famous foundations from this time is the “Inselspital” in Berne, which is one of the most important hospitals today in Switzerland. Founded in 1354 through the last will and testament of Anna Seiler, it provided a hospital for 13 “bedridden persons” and was therefore a purely secular organization (Helmig et al., 2009; Lichtsteiner et al., 2008).

The era of Enlightenment and increased secularization of the Swiss society created new opportunities for the establishment of civic associations formed by merchants, members of the professions, and regional elites. These associations included scientific and educational societies, public-benefit organizations promoting social or educational reforms or providing relief for the poor, economic societies aiming to link theoretical knowledge with practical improvements in agriculture or in trades, and political societies engaged in the study of history, the promotion of republican civic education and the reform of the military system. Hence, these societies took over a transitional role between traditional corporations and a democratic mass organization (Erne, 1988). Another organizational form that developed in this time period was freemasonry, which was instrumental in maintaining elite solidarity. Its members belonged to different status groups (noblemen, patricians or commoners) that practiced a highly ritualized friendship in regular gatherings.

Although a single centralized state emerged with establishment of the Helvetic Republic (1798-1809) during the Napoleonic wars, and backed by the French troops, central authority remained relatively weak and cantons retained a substantial level of sovereignty. Although the defeat of Napoleon's army ended the French protectorate and weakened the authority of federal government, the old elites did not regain their hegemonic position. Despite its short life, the Helvetic Republic had a dramatic impact on corporate bodies of all kinds. At its beginning, the revolution tore open deep rifts in society which divided even relatively democratic organizations. Corporations, guilds and similar corporate bodies for example lost their importance for good.

Nonetheless, at this time, new NPOs emerged to alleviate adverse conditions created by battles against opposing e.g., Russian, Austrian and the French on Swiss territory. Relief organizations were founded in Basel, Zurich or Berne etc. Simultaneously, following the appearance of the first nation state, the Helvetic Republic, and because the Mediation provided for stronger national ties, organizations operating on a nationwide level developed.

When a new wave of revolutions shook Europe in 1830, the Swiss Liberals came to power and enforced universal male suffrage in eleven cantons (for the time being) and parliamentary democracy. Today's Confederation was founded on the basis of a unitary constitution in 1848 (Helmig et al., 2009). This opened opportunities for Swiss liberal elements to liberalize the economy, which accompanied the above mentioned political developments. In this open and free environment, the first modern organizations (e.g., Swiss Benevolent Society or sport associations etc.) of civil society emerged (Kriesi, 1995).

Explaining the shape of Switzerland's civil society sector

The high level of industrialization in the 19th century further strengthened the role of the bourgeoisie and urban middle classes, which strongly favored liberal policies, a limited role of the government and a strong civil society to address social issues. This liberal political climate encouraged rapid growth of civic societies in that time period. Industrialization and the weakening of traditional social networks it produced spurred the growth of mutual associations, whose main role was the provision of social safety nets to its members. In the absence of state-provided services, mutual associations gained significance by the early 20th century.

Following the passage of the 1874 Constitution, the authority of the federal government expanded, and the state assumed a more active role in alleviating social pressure caused by industrialization. However, due to the citizen self-management rule (subsidiarity principle), firmly embedded in Swiss public services (Milizverwaltung; e.g., school janitorial service, municipal administration), the scope of government intervention remained relatively modest and reliant on private associations that played a significant role in public policy.

Business associations, such as the Swiss Chamber of Commerce and Industry, the Swiss Association of Machinery Manufacturers, and Swiss Society of Chemical Industries played a particularly prominent role, exerting considerable political influence at both federal and cantonal levels. On the other hand, the labor movement, which emerged in the second half of the 19th century, and was initially limited to skilled craftsmen such as typographers, cabinetmakers, carpenters, stonemasons, dress makers and shoe makers, remained fragmented and weak. With industrialization, labor unions eventually spread to other occupations and formed their own association: The Swiss Federation of Trade Unions (Schweizerischer Gewerkschaftsbund – SGB).

Labor remained divided along religious lines, however, as evidenced by the emergence of the Catholic labor unions under the umbrella of Christian Social Federation of Swiss Trade Unions formed in 1907. Membership in labor unions and affiliated cultural associations (such as sporting or musical societies) was linked to religious denomination, although the level of pillarization did not reach the level observed in the Netherlands.

After the First World War, membership in labor unions further increased, but labor demands concentrated on negotiating collective labor agreements with employers and did not espouse more radical political goals. The relationship between labor and government was generally collaborative, as federal authorities consulted their policies with labor representatives. With the system of the industrial, commercial, rural and trade union associations evolved a structure, which was capable of sorting out problems below the state level. Therefore, government continued to play a minor role in social service provision (e.g., unemployment or old age insurance), leaving most of this to mutual aid societies. Demands on the government to provide the same comprehensive social welfare policies found in other European countries (e.g., Germany) were muted.

Explaining the shape of Switzerland's civil society sector

The general economic prosperity of the Swiss society after the Second World War created a favorable environment for liberal economic policies in which the government played a rather limited role. These liberal tendencies were strengthened in the 1980s, when the neo-liberal influences led to privatization or commercialization of many state functions. However, the Swiss welfare state was not reduced (Korpi et al., 2003; Nollert, 2007). In particular during the 1990s the endeavors to organize state functions within the framework of New Public Management in line with the market increased.

Four key social forces behind the development of a liberal model of Switzerland's civil society sector.

In sum, the relatively weak position of labor, strong political influence of employers and their associations, general prosperity and the strong tradition of citizen self-management were the key social forces behind the development of a liberal model of civil society in Switzerland. While elements of the corporatist patterns of government – civil society cooperation in providing social services – did emerge in the 20th century, a formation of a full-scale welfare partnership model, similar to that found in Germany and other European countries, did not occur.

Government policy toward the civil society sector in Switzerland

4 Government policy toward the civil society sector in Switzerland

Coupled with the generally libertarian attitude of the Swiss people, a sizeable civil society developed over the centuries generally following the liberal model. This model in Switzerland is underpinned by the subsidiarity principle, which is enshrined in the Swiss Constitution and limits the government action only to those areas that cannot be addressed by private citizens or institutions.

The subsidiarity principle in Switzerland's civil society sector.

As already suggested in the previous chapter, the Swiss government has generally adopted a positive stance toward NPOs. This reflects in the fact that Switzerland has been described as a “Confederation” (Confoederatio Helvetica) with a weak central government since the end of the Helvetic Republic. Therefore, Switzerland was originally created as an alliance among the sovereign cantons of the central Alps. The very nature of this confederation of cantons – which was joined by another 23 cantons in the course of time – prevented the development of a strong centralized government, as the cantons were not willing to give up their independence. The state of Switzerland was only assumed to take over the defense, foreign affairs and the common currency. On the contrary, social problems were still managed by mostly sovereign actors such as municipalities, cantons, families and commercial or nonprofit companies.

The Swiss government doesn't have an explicit policy with regard to the nonprofit entities, not least because NPOs are considered to belong to the private sector. In contrast to other countries (France or Germany) the autonomy of the nonprofit sector has never been questioned and therefore is thought to require no special protection (Ermatinger, 1936). Rather, the principle of subsidiarity⁸, which holds that the state should only carry out activities and resolve problems when no other social actor subordinate to the Swiss Government can be found to be responsible, affects the entity of societal fields and especially the organizations of the civil society sector. This rule was in fact recently enshrined in the Federal Constitution (BV, art. 5a).

In Switzerland, the subsidiarity principle has two philosophical origins; these are evident in the differences between the manifestos of the Liberal and Catholic parties since the 19th century. *Liberal subsidiarity* assumes that individuals are responsible for their own lives and their own protection against risk and limits the role of the state to guaranteeing an ultimate social safety net. The state therefore interferes only when the individual's resources and those of its primary social networks are insufficient to overcome a distress.

The *Catholic subsidiarity principle*, which stresses the role of Christianity, explicitly demands from the government that it supports the self-help efforts of its citizens and helps them to protect their social and employment rights. The 19th century social

⁸ Latin: subsidium – assistance.

Government policy toward the civil society sector in Switzerland

studies advocated a third way forward between capitalism and state socialism that built on the potential of families and workers to help and organize themselves and on the activities of charities (Caritas, 2002) to solve the problem of social integration.

For example, the subsidiarity principle reflects in vocational education which lies in the hand of the professional federations or in solving social problems through relief organizations or it can further be found in militia institutions (Milizwesen), requiring citizens to get involved in public services (e.g., school janitorial service, fire brigade) on a honorary basis (Homann et al., 2000).

The Swiss government's main approaches to supporting nonprofit organizations.

Nollert & Budowski (2009) state that the Swiss government's relationship towards NPOs has been more implicit and incoherent than explicit, it appreciates the programs and services that NPOs deliver and it has always been interested in good relations with the NPO sector. The state has been reluctant to regulate this sector because it considers the nonprofit sector an important component of society with a high level of activity that is anchored explicitly in independence from the state. On the other hand, the government interpreted the role of the NPOs basically as a request to assume their share of responsibility in Swiss society. For this reason the state eschews provision of extensive political or regulatory support for NPOs.

The government's main methods of supporting NPOs are the creation of an incentivizing tax policy and material support when entrusting NPOs with public services, such as care of the elderly and asylum seekers. When compared with private organizations (such as incorporated companies and limited liability companies) the public authorities expressed their interest in and support relief NPOs (most notably, associations, foundations, and cooperatives) such as providing tax exemptions. In addition, ordinary taxpayers may deduct a share of their donations to NPOs from their taxes. It can therefore be maintained that the Swiss government – at least implicitly – considers the nonprofit sector to be an essential link within society between the people and government.

Most of the Swiss NPOs are supported financially by public funds. There are three types of such state support: (i) direct contributions that are not linked to provision of services, (ii) the provision of capital, and (iii) so-called service agreements. The service agreement consists of a contract between the state and one or more organizations of the civil society sector, comparable to contracts with private companies in the service sector, and entrust NPOs with the provision of a defined public service.

Since the 1990s, it can be observed that the government has been less willing to support NPOs financially without restrictions. The state's authorities have been increasingly interested in output in form of service agreements rather than input. The state's authorities have been increasingly interested in supporting defined output of NPOs in form of service agreements rather than providing input for NPOs in form of donations (without reservation). In Switzerland, direct contributions and the provision of capital are of minor importance compared to service agreements. Recent data on the donation market, based on research conducted by the donation-monitoring agency, provides evidence of the state's reduced enthusiasm for this

Government policy toward the civil society sector in Switzerland

approach to providing financial support. NPOs face this pressure by restricting costs, locating new sources of finance and/or reactivating existing ones (ZEWO, 2006).

Due to liberal government policies and a strong tradition of citizen self-management, civil society organizations play a significant role in the political process and are involved in nearly every political decision in Switzerland. Again, their important political influence is tied to the general weakness of the state bureaucracy. One indication of the weakness of the state bureaucracy is that most members of Parliament are strongly affiliated with interest groups (supervisory boards of enterprises, employers' organizations, trade unions). A second indication is that public servants and members of the Parliament often depend on external expertise provided by interest groups. Furthermore the comparatively few strikes, high protectoral tariffs, and large agricultural subsidies are due in particular to special interest politics of associations and not to activities of public authorities.

Via the use of instruments of direct democracy, NPOs constitute an important veto-power if they can make use of their mobilization capabilities. The NPOs' strong influence is even institutionalized in some of the instruments of direct democracy: the referendum (R), the initiative (I), as well as the consultation process (Linder, 1999). By these means, the citizens and the NPOs have the opportunity to disagree with proposed legislation (R) or to enforce the process. Consequently, the Swiss legislators try to incorporate as many NPOs as possible at the consultation stage of policy-making in order to avoid this happening too frequently.

The consultation and inclusion of interest groups during the policy-making process marks a further peculiarity of the Swiss political system. Additionally to the instruments of direct democracy (R and I), there is another option available to NPOs to influence the policy-making process: the so-called Federation Complaint Right (Verbandsbeschwerderecht), which was incorporated into different laws since 1966. This law allows national environmental associations (which are at least ten years old) to induce investigations by the authorities into projects that have an environmental impact, such as applications for deforestation or for construction outside zoned areas, for rural land improvements, as well as other governmental tasks. Based on this law, environmental organizations have successfully worked against huge shopping malls in city outskirts and other space intensive construction projects that are reducing rural areas.

Involvement of civil society organizations in political processes and decisions in Switzerland.

Nonprofit organizations are affected by economic, political, technological and social changes.

5 Contemporary issues confronting the civil society sector

The Civil Society Sector is considerably affected by general developments and tendencies taking place in the (Swiss) society at large. Increasing mobility and individualization, the blurring of traditional boundaries between sectors, and a growing demand for accountability are just a few examples of the challenges that Swiss NPOs have been facing recently.

NPOs are institutionalized expressions of the civil society. Particularly in highly industrialized societies, the Civil Society sector consisting of these NPOs not only represents an increasing part of the workforce and the economic output but also shapes business relations and everyday life as well as political and leisure activities. At the same time, NPOs are themselves affected by economic, political, technological or social transformation. These changes offer new leeway for the management of such organizations. In Switzerland, the following developments have already begun and are expected to continue:

- *Traditional boundaries between sectors are blurred:* commercial enterprises are entering traditional fields of activity of the civil society sector (e.g., medical attendance and healthcare) which are experiencing strong cost pressure and are thus being commercialized. Simultaneously, many membership-based NPOs provide commercial services (e.g., consulting, insurance etc.), becoming competitors of commercial enterprises in services markets.
- *New internal and external control mechanisms:* the degree of regulation is ever-increasing in the Civil Society sector as well. On the one hand, there are noticeable tendencies towards intensified state intervention (e.g., intervention of supervisory bodies or specified performance mandates); on the other hand, the prevalence of sectoral self-monitoring (e.g., through quality labels or codes of good governance) is increasing.
- *Growing demand for accountability:* NPOs are increasingly expected to be able to show the effectiveness of their product and services mix to their members or sponsors in order to maintain necessary legitimacy.
- *New knowledge platforms and communication channels:* the World Wide Web and mobile phones allow citizens and nonprofits to establish social networks in a quick and straightforward manner. This leads to new forms of civil society involvement. In addition, NPOs advertising their public-benefit factual goals operate in opinion markets that are very difficult to control selectively.
- *New pragmatism concerning legal forms:* Traditionally, NPOs were limited to three possible legal forms: cooperatives, associations and foundations. Nowadays, boundaries between the sectors are blurring and changing legal forms is becoming more accepted. Additionally, hybrid organizations emerge and other

Contemporary issues confronting the civil society sector

legal forms (e.g., public-benefit stock corporations or limited corporations) are used by NPOs, as well.

- *Necessity of transnational perspectives:* for years, legislation has been strongly influenced by the European Union (EU) and continuously harmonized within the European region. In order for a NPO to influence the implementation of its regulatory framework, lobbying solely on a national scale no longer suffices. Following the introduction of the new legal form of the “European cooperative”, the ongoing project aiming for the establishment of a European foundation statute will also affect the Swiss Civil Society sector.
- *The challenge of rising mobility and individualism:* People in Switzerland are increasingly reluctant to commit, a fact that endangers NPOs’ member base. This reluctance to commit can be traced back to social developments: Increasingly individualistic life orientation (Hofstede, 2001) on the one hand and growing national as well as international mobility on the other.
- *For individualistic and mobile societies:* NPOs provide a fundament for societal integration beyond political governance and market needs, if they find a way to integrate individual expressions of norms and values in distinctive collectivist settings. NPOs as groups of like-minded people situated between the family and the state have long since played an integrative role. With increasing mobility the need for temporary integration grows while civil society's organizations offer local and national points of references (with respect to values and civic engagement).

Conclusion

Switzerland's civil society sector is of vital importance to the Swiss economy.

Most findings correspond with the average values of the liberal country cluster.

6 Conclusion

The civil society sector is a considerable component of the Swiss economy today. Its origins can be found in the peculiar Swiss history, and in the distinctive cultural influences due to its central position in the heart of Europe.

This article empirically studied the scope and scale of the Swiss civil society sector. The results of this analysis were then put in a broader context with the adoption of a comparative perspective: drawing on data collected from other countries within the framework of the Johns Hopkins Comparative Nonprofit Sector Project (CNP), a comparison of key characteristics and features not only to specifically chosen countries (as for example neighboring states), but also with respect to identified country clusters was accomplished. Furthermore, the key historical factors which shaped the development of the NPOs in Switzerland were analyzed, especially focusing on the configuration that the state, the economy and the civil society sector show, followed by a discussion of the most important issues that NPOs in Switzerland are facing nowadays.

At a first glance, the sheer size of the Swiss civil society sector is noteworthy. In terms of employment, NPOs account for about 6.9 percent of the country's economically active population. Over a third of this workforce is derived from volunteering. The scale of the civil society sector exceeds employment in many other economic sectors in Switzerland, e.g., in construction and in financial intermediation; with regard to the prevalent image of Swiss economy, this is particularly remarkable. The size of the NPO sector workforce ranks above the 42-countries average and is on a comparable level to Switzerland's neighbors Germany and Austria.

Most organizations of the civil society sector in Switzerland are active in the service field, while expressive activities follow closely. The two fields are dominated by organizations providing social and health care services, and organizations that are active in culture, sports, and recreation respectively. While in the service field paid staff accounts for most of the workforce, the organizations in the expressive field rely heavily on volunteers. These features approach the Swiss civil society sector to the average values of the countries in the liberal country cluster.

The findings regarding the revenues of the Swiss NPOs point in the same direction. More than half of the total amount of \$ 25.3 billion generated by NPOs is derived from fees and sales (57 percent). Funding from government accounts for a smaller share (35 percent), while private philanthropy is of minor importance and accounts for the remaining 8 percent of total income. However, these findings are subject to relatively large variations in function of the specific field of activity of the NPOs. Thus, organizations in the social services field rely on governmental funding to a larger extent, while private philanthropy constitutes the major income source for organizations in the international activities field. Again, these features of the Swiss NPO sector correspond mostly to the average values in the liberal country cluster.

Conclusion

The historical roots of this liberal pattern lie in the weak position of aristocracy and the relative weakness of centralized state authority, which enabled urban merchants and industrialists to emerge as the dominant socio-economic class. The ideological hegemony of the bourgeoisie, the strong tradition of local self-governance, and the relative affluence of the Swiss society strongly favored private solutions of social and economic problems over state action. In sum, the relatively weak position of labor, strong political influence of employers and their associations, general prosperity and the strong tradition of citizen self-management were the key social forces behind the development of a liberal model of civil society in Switzerland. While in the 20th century elements of the welfare partnership model gained importance, they never reached full scale compared to other European countries like Germany. While elements of the corporatist patterns of government – civil society cooperation in providing social services – did emerge in the 20th century, a formation of a full-scale welfare partnership model, similar to that found in Germany and other European countries, did not occur.

The government policies toward NPOs are shaped in accordance with this historical background. They are underpinned by the principle of subsidiarity which holds that the state should only carry out activities and resolve problems when no other social actor subordinate to the Swiss Government can be found to be responsible. Nevertheless, the Swiss government's relationship towards NPOs has been more implicit and incoherent than explicit, as it generally considers the civil society sector as being explicitly anchored in independence from the state. However, this stands in contrast to an increased tendency by the state to utilize service agreements with NPOs, which has been replacing direct financial support by the government since the 1990s. As a consequence, NPOs are forced to restrict costs and/or locate new sources of finances.

Due to a strong tradition of citizen self-management, civil society organizations play a significant role in the political process. Via the use of instruments of direct democracy, i.e., the referendum and the initiative, they constitute an important veto-power if they can make use of their mobilization capabilities. Therefore, governmental agencies often seek to involve, consult and include the principal organizations of the civil society sector in the policy-making process in order to avoid being blocked at a later stage of the process.

Concluding, we can state, that the Swiss nonprofit sector has – traditionally and today – a strong impact on the development and functioning of society. The principles of subsidiarity and direct democracy offer NPOs the role to serve as intermediaries not only between politics, individuals, and the economy, but also between different groups of society. However, heterogeneity and strong federal structures impede a more concerted influence on the society, despite the sector's overall size.

The Swiss government has generally adopted a positive stance towards NPOs.

The Swiss nonprofit sector has a strong impact on the development and functioning of society.

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