



Fourth sector

Is it beyond the radar of researchers, the media and politicians that a new organisation and company culture is emerging in both the US and Northern Europe? A company culture that breaks with earlier conceptions of the relationship and dynamics between the state, the private sector and the voluntary sector?

Or even more far-reaching: Are we currently witnessing the first serious run-up to the creation of a new social arena - 'the fourth sector' - that has absorbed the very best from both the private, public and voluntary sectors and therefore represents a possible solution to some of the challenges facing the three 'old' sectors today?

Something's definitely going on, because over the past ten years the boundaries between what is public (district, state, national), what is private (companies), and what belongs to voluntary organisations (non-profit) have become less and less distinct. Parallel to which the contours of an entirely new social arena have started to emerge - which the US has been the first to dub the "for-benefit" or "fourth" sector.

A sector populated by organisations, institutions and companies that are characterised by being self-financing - i.e. they operate on the free market - but who, on top of the bottom line, want to be measured and judged on the level of their social, ethical and environmental sense of responsibility.

These companies try to link traditionally irreconcilable concepts, attitudes and values. For example concepts like democracy, inclusion, openness, transparency, credibility, efficiency, collaboration and holism are frequently used by these 'for benefit' companies. Because as they say in the US, if you work for a 'for benefit' organisation or company you actually have to ask yourself how you can establish credibility in relation to your stakeholders. How can we be inclusive? How can we make the organisation transparent? How do we ensure that the goals we want to achieve don't create (new) social or environmental problems for others?

Can we see similar developments in Denmark? Maybe. Because even though the companies listed below may not classify themselves as 'pro benefit' they fit the fourth sector profile perfectly:

- Roskilde Festival. Not alone is it the biggest music festival in Europe, it's run (precisely because of that) like any other commercial and professional cultural industry. With one crucial difference: All profit goes to voluntary youth work in the Roskilde area. The staff



are both paid workers and volunteers. But that's not a problem, because everyone accepts the rules of the game - and because the goal of the organisation is idealistic.

- The organic on-line supermarket Årstiderne ('The Seasons'). Here the dream of supporting the environment - and not least the obvious need of Danes to develop healthier food and eating habits - is combined with an economically healthy business plan. On top of which Årstiderne is the perfect example of how to combine a traditional business concept (the supermarket) with new technology (the web) to create an entirely new field of business.
- TV2 - here serving as an example of a media company that (in principle) has the public good in mind as a public service company, but also has to act as a (possibly imminently) private TV station on the open market.

Roskilde Festival, Årstiderne and TV2 can all serve as examples of new hybrid companies with potential solutions to some of the problems and pressures experienced by the three 'old' sectors.

Let's take them one by one:

- The private sector: Shareholders want more back than they invest, but they also want transparent accounts (just one of the consequences of the Enron and World.Com scandals). Customers are more than sceptical and critical when it comes to the company's trustworthiness and the ulterior motives of different brands. Citizens demand that the companies take social and environmental responsibility. And last but not least employees want more satisfactory and meaningful working conditions, including a better balance between their working and private lives.
- The public sector is under increasing pressure from private companies wanting to be free of restrictive rules and regulations so they can compete on the global market. Many citizens lack faith in the democratic process, but still want greater efficiency and economic consciousness from the authorities. And the voters feel generally underrepresented and overheard at both a local, regional and national level.
- Voluntary organisations are experiencing that individual donors, foundations and public authorities want efficient financial management and precise, quantifiable results in return for their contributions and funding. Workers want working conditions like those in the private and public sectors, and the volunteers want a larger degree of involvement in the organization's programs and profile.



How are the three old sectors responding to these challenges? By trying to reinvent themselves - a process plagued by built-in conflicts.

- Private companies have to find a balance between achieving the largest possible profits for their shareholders and retaining trust and contact with the company's other stakeholders: the local community, consumers, sub-contractors, pressure groups, etc.
- The public sector is currently facing a veritable wave of tenders and the privatisation of council, municipal and state functions and institutions - and risk being forced to 'repurchase' the very same functions and institutions when private companies no longer find them profitable.
- Voluntary organisations: Due to fierce competition from other voluntary organizations and tight state financing voluntary organizations are having to experiment with their independent income - the sale of services and new products. All of which - activities and financial priorities - can be at odds with the organization's main goals and mission.

The question is, are the old sectors capable of adapting fast enough? And if not, does this create the basis for the establishment of a new, fourth sector?

A sector with companies, organizations and institutions that - more or less consciously - have adopted the best of all three 'old' sectors, and where the starting point is not only a clearly defined set of values but also a focus on the public good. A sector that still (almost always) plays according to the rules of the free market but is driven by the goal of making a social and cultural difference by developing new services and products that both enrich and improve human lives. A sector where the profits don't go to hungry shareholders, but to social innovation and/or back to the company's many stakeholders.

In Denmark these 'for benefit' companies can be traced back to the Danish cooperative movement and forward in terms of potential solutions to the pressing needs and possibilities of the 21st century. In this perspective an institution like the KaosPilots is a good example of a 'fourth sector' company. But more than that, the school apparently specializes in training its students for the new sector. At least if you look at the kind of companies KaosPilot graduates work for - or start themselves.