



The Added Value of Civil Society Organizations in the Provision of Welfare State Services

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Abstract Civil society organizations (CSOs) that deliver services on behalf of public authorities operate under increased competitive and standardization pressures. Given this background, many CSOs experience a need to justify why public authorities should continue to fund them. In this article, we underpin and develop a new understanding of added value, proposing it to be the perceived social value of services or programs provided by a CSO that differs positively from the perceived social value of services or programs provided by other organizations and can be identified as functional, altruistic, emotional, or social. We elaborate on these four forms of added value and discuss the theoretical and practical implications of this understanding.

Keywords Social value · Social impact · Added value · Civil society organizations

Introduction

Many civil society organizations (CSOs), despite their nongovernmental status, deliver services on behalf of public authorities. They are an eclectic ensemble of social economy organizations referred to as cooperatives, faith-based organizations, nonprofits, charities, nongovernmental organizations (NGOs), foundations, and social enterprises, all of which typically seek to alleviate poverty and homelessness, advance social justice, and provide various forms of healthcare (Anheier & Salamon, 2006). By contracting with public authorities, they participate in the provision of welfare state services, thereby generating significant social value.

The term social value broadly denotes some form of improvement in human condition (Beer & Micheli, 2018). Researchers have proposed a variety of metrics to capture and evaluate this concept (Beer & Micheli, 2018; Mulgan, 2010) along with related constructs such as social impact (Rawhouser et al., 2019) and public value (Talbot, 2008). However, publications in different fields of research, including entrepreneurship, program evaluation, public administration, economics, and nonprofit management, have resulted in inconsistent uses of these concepts. An unfortunate side effect is the absence of theoretical concepts that are suitable for comparing social value creation (Kroeger & Weber, 2014). As a result, evaluating the social contribution of CSOs compared to public sector organizations and for-profit firms remains a challenge.

The purpose of this conceptual paper is to introduce a renewed and alternative understanding of social value that allows for cross-sectoral comparisons between organizations. Our focus is on the notion of added value, which we believe has particular relevance for CSOs that provide services within the framework of the welfare state in

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competitive, regulated settings.¹ Thus, we conceptualize added value to be the perceived social value of services or programs provided by an actor that differs positively from the perceived social value of services or programs provided by other actors and can be identified as functional, altruistic, emotional, or social.

As the notion of added value is not well understood, our key contribution is to underpin and unpack our definition. We contend that ‘added value’ better captures relevant activities of many CSOs than the concept of social value because it focuses on the unique contribution of CSOs compared to public and private sector providers. As public authorities and other funding bodies increasingly compare and evaluate the performance and contributions of CSOs and fund only the most effective ones, better insights into the nature and significance of these unique aspects are needed. Such knowledge could not only help researchers better understand social value creation and particularly its relative aspects but also help CSOs differentiate, bolster competitiveness, and provide a justification for why donors and funding bodies should continue to support them (Ebrahim & Rangan, 2010). The central research question guiding this article is: *How can added value be understood in the case of CSOs that deliver welfare state services?*

In the subsequent sections, we first review various proposals seeking to capture the notion of social value. Following that, we discuss the challenges and limitations of social value creation for CSOs providing welfare state services within the current competitive environment (Ashforth & Reingen, 2014; Jacobs et al., 2021). Against this backdrop, the article explores four forms of added value. We conclude by highlighting how these forms can contribute to a clearer understanding of CSOs’ role in society.

Theoretical Background

Social Value

Most definitions of social value tend to either refer to activities that create value or the result of such activities. The first group of studies usually treats as the object of interest the prosocial activities, services, interventions, and programs, and conditions that make these activities possible (Dacin et al., 2010). A definition that corresponds to this understanding is ‘the removal of barriers that hinder social inclusion, the assistance to those temporarily

weakened or lacking a voice, and the mitigation of undesirable side effects of economic activity’ (Smith & Stevens, 2010, p. 586). Key to producing social value is increased participation (Mannarini et al., 2023), democratization (Donati, 2014), empowerment (Bassi & Vincenti, 2015), and advocacy (Unerman & O’Dwyer, 2006). Scholars that rely on this understanding of social value often work within the fields of social innovation (Seelos & Mair, 2020; Van der Have & Rubalcaba, 2016) and social entrepreneurship (Certo & Miller, 2008; Dacin et al., 2010), or both.

The second group views social value as an effect or impact from these activities. Focusing on various forms of social value measurements, its purpose is ‘to understand [in social terms] what difference an organization’s activities make to the world’ (Gibbon & Dey, 2011, p. 64). In total, several hundred tools for measuring social value exist, including cost–benefit analyses, social return on investment, value-added assessments, and social impact assessments (Kroeger & Weber, 2014; Mulgan, 2010; Vanclay, 2002). The approaches typically include gathering baseline data to see which changes are produced by a particular intervention or service, as well as forecasting possible consequences.

Overall, social value is a multivalent construct that helps scholars understand the programs, interventions, activities, services, and projects of many different CSOs as well as their consequences. Importantly, however, none of the approaches outlined above is sufficiently helpful in identifying the social value of CSOs’ activities and social contribution relative to the contributions of public and for-profit providers. For CSOs that face increasing pressures to provide and demonstrate a unique contribution to society (O’Dwyer & Unerman, 2008), being able to point to such a relative difference is crucial.

The Challenges of Social Value Creation

Many CSOs base their existence on providing services that are part of the welfare state and funded by national or local authorities. In Western Europe, public sector support has, for the last decade, been the most important source of income for the nonprofit sector (Anheier & Salamon, 2006). This is confirmed by a Scottish study where up to 90 percent of charities’ revenues are generated from providing services to local authorities (Lai, 2023). In Norway, over 95 percent of the revenues of CSOs operating within healthcare come from government funding (Gurmu, 2017). Similarly, government funding in the US comprises 65 percent of the budget of the average social service nonprofit (Mosley, 2020).

This dependence on government funding creates two sets of challenges for CSOs. First, the integration of CSOs into the provision of public services through bidding

¹ Welfare state services include social, educational, healthcare, home care, housing, and rehabilitation services provided by, or on behalf of, public authorities. As a result, our discussion of added value is more relevant for a European context, particularly the social democratic Northern European welfare state model, than other contexts.

competitions and long-term contracts is likely to occur at the expense of their original identity, leading to ‘mission drift’ (Ebrahim et al., 2014; Jones, 2007) and the emergence of hybrid organizational identities (Billis, 2010). Whereas mission drift implies losing sight of purpose and values (Ebrahim et al., 2014), hybrid identities are a characteristic of CSOs that have become more business-like (Maier et al., 2016; Sirris, 2020) through processes of commercialization and marketization (Bassi & Vincenti, 2015). Thus, they have adopted a utilitarian identity in addition to their original normative organizational identity (Jäger & Schröer, 2014). For CSOs that deliver services funded by public authorities, the need to prevail in the competition for the right to provide these services challenges their original social, moral, and religious values, making the space in which these CSOs can maneuver increasingly confined (Evans et al., 2005; Lai, 2023). Their ability to create the type of social value they initially aimed suffers accordingly.

Second, increased detailed requirements for service delivery imposed by public authorities reduce the possibility for variation and service innovation. Given that public authorities are ultimately responsible for all services provided under the welfare state umbrella, their interest is more in similarity and standardization of services rather than differences and decentralization. Many regulations exist by law to ensure official standards on public health and safety, but standardization is also achieved through terms specified in contracts (Trätteberg, 2015). A homelessness charity, for example, has no choice but to comply with the terms dictated by the contract they have signed with the authorities if they want to continue to operate as a provider of public services. Public authorities can specify which services they want provided and how they want them provided. For many CSOs, especially social mission-based ones that have taken pride in being ‘pioneers’ in identifying and addressing unmet social needs, standardization means less leeway to pursue such innovative endeavors (Askeland et al., 2019). Consequently, CSOs create the social value that public authorities ask for, but not necessarily the social value the CSOs themselves originally had in mind.

The result of these mechanisms is that the social value created by one CSO will be similar to the social value created not only by other CSOs but also for-profit providers and the government itself. When this is the case, comparing social value across different types of organizations is a challenge (Kroeger & Weber, 2014). CSOs that find themselves in such a situation may begin to question the purpose of offering services that do not differ from those of government and for-profit providers with respect to the social value they create. They may also experience uncertainty regarding the prospect of getting their contracts

with public authorities renewed. They might even decide to cancel the contract if the constraints imposed on them are too inconvenient (AbouAssi & Tschirhart, 2018). Perhaps they will even ask themselves if it would not make more sense to let public authorities take over the services, as it is unclear whether the CSOs are adding any social value beyond what is required of them, and the services are ‘public’ anyway. Similarly, this situation is also a challenge for public authorities, who might begin to question why they should award contracts to or fund CSOs if they are not convinced that the CSOs provide a unique contribution to society. In such a situation, the notion of added value emerges as a critical and promising focal area.

Can CSOs Provide Added Value?

What is Added Value?

Added value is an abstract concept that is used and defined in varying ways in the context of CSOs. Going beyond a simplistic economic dimension that emphasizes production and customer satisfaction, the literature on CSOs describes added value as a ‘a function of the social impact’ of a CSO’s activity (Jönsson & Scaramuzzino, 2022, p. 3), ‘the ability to produce, maintain, and regenerate relational goods for [CSO] members and the broader community’ (Mannarini et al., 2023, p. 2), and ‘the benefits that actions bring to the community in terms of long-term social impact or environmental impact’ (Zimnoch & Mazur, 2018, p. 44).

Only a few studies explicitly address the comparative aspect of added value. Hart and Haughton (2007, p. 14) point out the need to understand ‘what does the social enterprise model contribute over and above that contributed by other models.’ Ryan and Lyne (2008, p. 226) build on a similar view, stating that ‘competitive social enterprises need to prove the ‘added value’ of their social contribution [which is] not provided by another model.’ Muñoz and Tinsley (2008, p. 47) note that the added value of social enterprises go ‘over and above private sector provision.’

We build on these understandings to support the view that added value is not an ‘objective’ or tangible construct. Rather, it is a perception held by certain actors, particularly the beneficiaries and funders of CSOs, based on a comparison of the social contributions of a focal organization’s services against others. Thus, a key aspect pursued in this paper is that the added value of CSOs implies a contribution that is different from or better than that provided by government or commercial providers, as seen from the perspective of beneficiaries and funding agents. Added value implies a perception of more social value, or different social value, or both. This means that all CSOs that

operate in a sector may provide social value although not necessarily generate added value. Given the competitive environment in which many CSOs currently operate, as outlined earlier, it is important to advance a better understanding of the ways in which these CSOs can and do provide added value compared to government and for-profit providers.

To do so, this paper proposes a typology of four different forms of added value that potentially can be provided by CSOs. The typology is comprehensive in the sense that it is meant to encompass all relevant forms of added value generated by CSOs that could be of significance for beneficiaries and public authorities. Our typology builds on a holistic approach to CSOs' activities by going beyond simply considering measurable outputs (O'Dwyer & Unerman, 2008). As our study does not present data and is not a literature review, the forms of added value proposed here are derived partly from the existing literature on CSOs that provide welfare state services, and partly from our own conceptualizing. We use examples from the literature to illustrate our main points. The four forms of added value are not to be understood normatively, nor should they be seen as mutually exclusive.

Functional Added Value

When a CSO's services or programs add functional value, it means that they are delivered with higher efficiency or quality than what similar providers are able to do, and thus with higher impact. For example, if a faith-based hospital is able to treat its patients with better results compared to other hospitals that receive the same amount of funding, then this hospital provides a functional added value (Nyongesa et al., 2015). A CSO that assists immigrants with paperwork provides functional added value if the immigrants move through the bureaucracy faster than what other organizations that try to do the same can accomplish. A CSO running a welfare-to-work program provides functional added value if the program is more efficient than others at helping people enter the workforce (Monsma, 2006). These CSOs are able to deliver more or better results with the same amount of resources or achieve the same with less. Thus, functional added value can be associated with a relatively higher social impact (Rawhouser et al., 2019). Functional added value can also imply a better ability to innovate, traditionally a hallmark of CSOs (Fischer et al., 2023).

Functional added value is important to the funders of a CSO, typically local or national authorities and donors. This is because functional added value assures them that the resources are well spent and they get their money's worth. Although it is debatable how and whether the performance of CSOs can and should be measured, including

whether it is higher than for-profits and government providers (Ebrahim & Rangan, 2014; Jun & Shiao, 2012; Murray & Tassie, 2016; Witesman & Fernandez, 2013), existing research offers some evidence that CSOs spendings have satisfactory impact. For example, looking at panel data from 14,423 facilities, a study from the US compared the quality of nursing homes owned by government, for-profit, and private nonprofit organizations, respectively (Amirkhanyan et al., 2008). The researchers found that the quality of care was higher in nonprofits than for-profit ones. However, they did not find a difference in quality between public and nonprofit homes. A systematic review covering financial performance, employee well-being, and client well-being in public, for-profit, and not-for-profit nursing homes in the US found that for-profit nursing homes scored higher on financial performance, but lower on employee and client well-being (Bos et al., 2017). Additionally, a study from Switzerland that compared nursing homes run by nonprofit organizations, local foundations, and nursing homes integrated in public administration found the two former to be almost equally efficient (Farsi & Filippini, 2004). Both delivered services more cost-effectively than the latter.

The research suggests that CSOs may be able to operate more efficiently and thus provide functional added value compared to public sector providers because they do not have to deal with the bureaucracy of public administration (Farsi & Filippini, 2004; Graddy & Morgan, 2006; Howell-Moroney, 2015; Knapp et al., 1998). Compared to for-profit providers, CSOs create greater social value because they spend all the funding they receive toward the creation of social value, whereas for-profits typically pay out part of the funding as dividends to owners. As a result, public authorities will have to worry less about how the money they give to CSOs is spent and less about monitoring performance compared to for-profit contractors, which helps reduce transaction costs (Witesman & Fernandez, 2013).

An additional insight that can be derived from the literature is that CSOs provide functional added value because they rely on volunteers to a much greater extent than government and for-profit providers (Rider & Hall, 2002; Studer & Von Schnurbein, 2013). CSOs are able to attract committed volunteers who identify with a specific cause and who often do important work that contributes to the creation of social value (Bittman & Fisher, 2006; Haldane, 2014; Wu, 2011). Because the volunteers do not require financial compensation, they potentially represent a significant resource for CSOs with respect to their ability to provide functional added value (Manetti et al., 2015).

Altruistic Added Value

Altruism means to act out of selfless concern for the well-being of others. Altruism is of key importance in many CSOs' self-understanding as well as to their constituencies, especially in charities and other social mission-driven CSOs whose *raison d'être* is to serve those in need. We propose that a CSO provides altruistic added value when relevant stakeholders, typically beneficiaries and public authorities, perceive the CSO to better safeguard and reflect values pertaining to the common interest or the well-being of underprivileged individuals than other providers.

Whereas functional added value is based on a cost-benefit logic, the altruistic added value of a CSO is based on the CSO's identity, values, and motives. Being altruistic by default arguably conveys reassurance to constituents that the services and activities are provided on the basis of genuine altruistic intent. Accordingly, when a CSO demonstrates long-term moral commitment to a humanitarian or charitable cause, it establishes a strong signal that creates added value for beneficiaries, donors, and public authorities compared to the social value provided by commercial providers. Similarly, a CSO that consistently promotes values such as equity, solidarity, and compassion consistent with its own mission and identity creates added altruistic added value to its constituents compared to commercial providers. This added altruistic value, underpinned by the CSO's values, motives, and identity, could make the CSO the preferred service provider over other providers as seen by clients and public authorities.

CSOs are not mainly driven by financial motives and are not accountable to shareholders who expect a return on their investment. They are values-based, integrating a symbolic dimension into their activities and programs (Askeland et al., 2019). Any financial surplus created by a CSO will almost always be reinvested toward the creation of more social value. This stands in contrast to commercial providers that typically distribute their profits among their owners. It is also different from many government providers that often operate under rules and regulations determined by politicians regarding the use of surplus funds (Wilson, 1989). Thus, CSOs' concern for social and environmental needs is less likely to be regarded as insincere compared to for-profit companies. Whereas for-profits that engage in social and environmental initiatives have been accused of using altruism as a strategic means to an end (negatively referred to through labels such as green-washing, rainbow-washing, pink-washing, feminism-washing, social-washing, and blue-washing (Bernardino, 2021; Pope & Wæraas, 2016; Sailer et al., 2022)), CSOs instill more trust among stakeholders because altruism is an end in itself (Chapman et al., 2021).

This does not mean that CSOs do not engage in image- and reputation-building activities on the basis of their social and environmental value creation (Sepulcri et al., 2020), nor does it mean that CSOs never commit unethical acts (Prakash & Gugerty, 2010) or never engage in cost-benefit thinking. Nevertheless, creating altruistic social value by serving the greater good is an essential aspect of CSOs' organizational identity orientation – it is what they do and who they are (Brickson, 2007). This potential for altruistic added value could offer a competitive advantage for CSOs in the quest for government funding. A CSO could point to its altruistic added value, as perceived by individuals and various communities, as an argument for why a funding agency should continue to support its programs. This could result in public authorities offering contracts to CSOs with longer duration and higher levels of task uncertainty than for-profits because they trust the CSOs more than for-profits (Witesman & Fernandez, 2013).

Emotional Added Value

Emotional added value results from emotional connections that a CSO develops with its stakeholders. For example, if a CSO creates more joy, optimism, mutual trust, hope, and a feeling of being respected through its services and programs than other organizations, then it provides emotional added value. If a CSO's beneficiaries generally report a higher level of pride, self-esteem, and sense of agency than similar organizations, then this CSO creates emotional added value. A CSO that is able to connect emotionally with donors and volunteers creates emotional added value if the donors and volunteers experience more empathy, compassion, and identification with this CSO and its cause than other organizations' beneficiaries and donors. Thus, in contrast to functional and altruistic added value, emotional added value may not be a primary objective of CSOs' work but can emerge as a significant side effect.

Studies suggest that CSOs are in a good position to create such emotional bonds. First, most CSOs, especially charities, faith-based organizations, and other social mission-based CSOs are known for traditionally pursuing values (e.g., compassion, kindness, and care) that can form the basis for bonding on an emotional level (Jeavons, 1992). These organizations are normative (Albert & Whetten, 1985), values-based (Bruni & Smerilli, 2014), or pattern-maintenance organizations (Parsons, 1956) whose values are expressed through their activities. Despite the fact that these organizations have lost some of their idiosyncratic features and their values-laden aspects have become downplayed, values can still be a source of significant competitive advantage (Frumkin & Andre-Clark, 2000). A Christian faith-based hospital, for example,

delivers healthcare on the basis of ‘divine law’ that promotes mercy and love for one’s neighbor (Askeland et al., 2019; Espedal, 2021; Espedal & Carlsen, 2021). By doing so, it could produce a positive difference from other hospitals in the sense that their patients experience more compassion and kindness than patients who receive care at public or private hospitals (Sirris, 2023). A faith-based hospital can also connect with its patients on a spiritual level, which could be important for patients with religious convictions who perhaps feel more ‘at home’ in and trust faith-based hospitals more than other hospitals.

Second, it is well-known that many CSOs operate in local communities or deal directly with specific target groups identified by them as in need of help. A hallmark of the work of CSO representatives and volunteers is that they often operate ‘on the ground,’ actively seeking out target groups in challenging circumstances to whom they provide food, shelter, healthcare, job training, and education (Offe, 2018). By doing so, they build local knowledge and relationships, thereby not only creating a basis for improving the lives of the people in the community but also fostering a sense of gratitude and appreciation among beneficiaries and other stakeholders that support the CSO’s mission (Schmid, 2013). This appreciation is likely to translate into trusting and emotionally supportive relationships between the CSO and its stakeholders (Frumkin & Andre-Clark, 2000). Such relationships are of long-term strategic importance for CSOs, not least concerning the prospect of renewing contracts with public authorities in competition with for-profit providers.

Social Added Value

A CSO provides social added value when beneficiaries believe that the CSO builds more social capital or gives individuals more benefits in their social environments than public and private sector organizations.² For example, a CSO that creates more civic engagement in a local community compared to private and public sector organizations provides social added value compared to those organizations. A CSO that gives beneficiaries the feeling of being more strongly connected to a valuable social network compared to other providers also produces social added value (Jönsson & Scaramuzzino, 2022).

At the societal, community, and organizational levels, bolstering social capital and fostering civic engagement has for a long time been a major contribution of CSOs (Donati, 2014; Putnam, 2000). An important part of their work is to build and strengthen relationships between individuals in a

community and through membership in CSOs. Such membership organizations rarely exist in the public and for-profit sector. Because CSOs depend on goodwill and funding from external stakeholders, they typically build long-term, reciprocal, and trust-based relationships with individuals, other organizations, and communities (O’Dwyer & Unerman, 2010; Schneider, 2009). Additionally, CSOs promote transparency, democracy, and empower citizens to hold the state accountable (Trägårdh, 2022). These last two perspectives emphasize the societal role of CSOs rather than service provision (Anheier, 2009).

CSOs can also provide social added value to individuals indirectly through their specific services. This could occur when receiving services from a CSO gives beneficiaries higher social status or prestige than what other providers can create. Some CSOs are associated with a favorable status because their services and programs are regarded as of high quality. This could be because they are more successful in procuring funding or because they are part of an exclusive network (Galaskiewicz et al., 2006). Being a beneficiary of such high status, CSOs could produce a positive spillover effect from the CSO to the beneficiary in the sense that the positive characteristics associated with the CSO become characteristics with which the beneficiary is associated. For example, a welfare-to-work program run by a faith-based or values-based CSO could produce more successful job applicants because employers assume that the CSO’s values and ethics have been transferred to the applicant. The effect is likely to be reinforced if receiving such services from the alternative provider in the public sector is associated with social stigma. Receiving government welfare services, for example, may be perceived as a negative social signal (Xuan & Mingang, 2019), whereas receiving them through a CSO may be less socially stigmatizing or perhaps not at all.

Additionally, vulnerable groups, which often are recipients of social support, could relate more easily to social mission-based CSOs than to public authorities because public authorities have a control function. In the field of social work, for example, child protection services provided by public authorities are for many families associated with control and power (Tembo & Studsrød, 2019). CSOs that provide such services are not an extension of public authorities’ control function nor do they run the same risk of being accused of paternalism. In addition, they have the benefit of relying on committed volunteers that are not accountable to any public authority. As a result, the volunteers could enable identification and empowerment (Fisher et al., 2019). Doing so invokes a personalization principle, giving citizens power of choice and voice (Hemerijck, 2012). In this way, voluntary work enables social bonds that prevent isolation, thereby improving

² Social added value should not be confused with social value. Whereas the concept of added value is a supplement to social value, social added value is a form of added value.

quality of life, health, and well-being far beyond the instrumental effects of the work itself (Loga, 2010).

Discussion

On the basis of the typology proposed here, we highlight two main contributions. First, the typology has some notable theoretical implications. Because added value is a poorly understood construct in the context of CSOs, our effort to conceptualize added value in four different ways contributes to a more holistic and nuanced understanding of added value in general, suggesting that added value is a multidimensional construct that not only implicates social value in a unique, functional sense but also in three other forms: emotional, altruistic, and social. The typology thus points to the comparative aspects of social value, highlighting the social value of the services and programs provided by an actor that differs positively from the perceived social value of services or programs provided by other actors. This approach makes it possible to identify and differentiate added value in multiple areas rather than concluding that one actor provides added value, whereas another does not. In this respect, the four forms of added value presented in this paper should not be seen as mutually exclusive. Instead, we suggest that they could complement and strengthen each other and even be mutually contingent. If all forms of added value are provided by a CSO at the same time through the same service or program (or multiple services and programs), a strong synergy effect would almost certainly be created not only with respect to the CSO's performance but also how this CSO is perceived by its stakeholders.

We do not propose that a particular form of added value is more important than the others. Each form could be the more important one depending on various factors including the context, the requirements imposed on the CSO by funders and beneficiaries' expectations, and the type of services or programs provided by the CSO. Some CSOs may have their strengths in providing some forms of added value but not all. A CSO that finds itself in particularly strong competitive settings or is particularly strongly integrated into the provision of welfare state services might be more preoccupied with its functional added value rather than the other forms of added value. However, delivering added value can be challenging. A faith-based hospital, for example, should be able to produce altruistic and emotional added value, but perhaps not functional added value to the same extent even though it provides a service in a rational, economic, and functional sense, thereby creating social value. This is because healthcare services provided under the welfare state umbrella tend to be standardized, regulated, and similar so that beneficiaries receive the same social value. Other CSOs may have limited interest in

developing functional added value, especially if they do not contract with public authorities (e.g., trekking associations). As a result, comparing the added value of different providers involves considering their social value with respect to multiple dimensions.

Second, our typology of added value also has practical implications. Increased awareness of added value could serve CSOs that aim to create social value and, ultimately, the recipients of the services. Using the typology of added value presented in this paper when designing a program could guide CSOs toward specific questions that could help them address social, environmental, and humanitarian issues more successfully. Examples of these include the following: Can they offer *functional added value* by providing the same services to more people, at the same or a lower cost, compared to other providers? Do their activities and practices imply a stronger reflection of values such as the common good and compassion compared to others, thereby fostering *altruistic added value*? Can the CSOs provide *emotional added value* by instilling a stronger sense of belonging and dignity in its recipients and funders than other organizations? Can a service or program be designed in such a way as to give the target group prestige or recognition in their social circle or contribute more to social capital development than others, thereby providing *social added value*?

If pursued systematically, these questions could be highly valuable for CSOs that struggle to justify their *raison d'être* vis-à-vis public authorities and also when positioning themselves in relation to commercial actors. This could especially be the case if they experience their identity as diluted and their services as too similar to those of other organizations. Internal discussions of these four forms of added value could create shared understandings and raised awareness of issues pertaining to organizational identity and identification. They could enable CSOs to better understand what makes them special and necessary in society by examining their own services, projects, and programs, and what they could do to make a stronger and differentiated contribution. Discussions with public authorities, donors, and clients could further reinforce this awareness. Because joint efforts between CSOs and their funders and donors are motivated by the desire for synergies and a win-win situation, creating a space for discussions of the benefits of such partnerships with broad participation could make the added value emerge more clearly. In short, the questions could serve as a framework for understanding what a CSO can bring to the table.

Conclusions and Directions for Future Research

Previous studies have made important contributions in discussing and highlighting the social value created by CSOs. This line of research has improved our understanding of the role and contribution of CSOs in many

aspects of social life, particularly as they relate to the provision of public services. A limitation of these studies, however, is the fragmented use of theoretical concepts that makes comparisons between different organizations and sectors difficult (Kroeger & Weber, 2014). As an extension of and supplement to these studies, in this paper we have proposed an alternative understanding of social value. This understanding, we believe, is of particular relevance to CSOs that deliver welfare state services through contracts with public authorities. Increased awareness of the functional, emotional, altruistic, and social added value of such CSOs will enable a better understanding of the role played by these organizations within the welfare state framework.

Future research should seek to operationalize the forms of added value discussed here so that they can be used in empirical studies. Assessments and comparisons of added value could bring important new insights into the role and contributions of CSOs in society. Such comparisons could occur across different programs and services as well as organizations and sectors. An important question that would underpin such studies is whether CSOs actually do provide added value in comparison with public and for-profit providers of welfare state services. We welcome qualitative studies as well as quantitative approaches that can address this question.

We particularly encourage case studies of how added value is conceptualized and developed. Although added value can be understood as relating to an outcome or an impact, the process of adding value is an understudied area of empirical research. We see the inter-organizational collaboration between CSOs, funders, donors, and clients as a promising area for further examination of the cocreation of added value. Such insights would be highly valuable to the literature on CSOs, especially social mission-based CSOs, as well as to practitioners.

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Declarations

Conflict of interests The authors declare that they have no conflict of interests and no relevant financial or nonfinancial interests to disclose.

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