1. Article title

**Rethinking NPO Funding in Times of Austerity. Alternative Sources and Beyond.**

2. Keywords: Nonprofit organizations; Funding sources; Financial stability; Primary research; Czech Republic

3. Abstract

The proposed paper responds to current trends in the funding of nonprofit organizations (hereinafter referred to as NPOs) during the times of austerity caused by financial and economic crises worldwide. The Czech Republic, at least in terms of macroeconomic indicators, was affected by economic crises at the end of 2008. Although the crisis was more moderate than that of southern European countries, some of the consequences can still be felt. The development of civil society faces constant challenges as a result of social, political, and economic events worldwide. The proposed paper responds to these challenges, and explains and discusses the changes in NPO financial structures in the Czech Republic.

The rationale for the paper is the long-time scientific research of the authors focused on NPOs in the Czech Republic and other (post-)transitional countries (e.g. Vaceková & Svidroňová 2014; Svidroňová & Vaceková 2014; ibid 2012; Hyánek 2011a; ibid 2011b; Hyánek & Pospíšil 2010; Kuvíková & Vaceková 2009). The paper presents the partial results of extensive primary research (2015) focused on the impact of public finance on the structure of resources and production of NPOs in the Czech Republic. Research to this extent has not been previously conducted in the Czech Republic.

The primary data allow us to show whether public funds provided to Czech NPOs before and after economic crises may be considered as a decisive factor influencing the structure of financial resources as well as the volume and structure of their production. The research outline is divided into two stages (Fonádová & Hyánek 2015). First, we map the development of the amounts (and

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structures) of NPOs public funding, using a retrospective method of study (cf. De Vaus 2001). We compare the data from 2013 and then retrospectively for 2008 in order to show the difference before the crises and after. Next, we collect information about the amount of NPOs total income through a standardized questionnaire. Research sample includes all Czech NPOs active as of 31 December 2013 that already existed in 2008 (105,522 units). We divided the research sample into 6 subgroups according to the ICNPO principles. From each of these groups, 75-100 units were randomly selected.

In the proposed paper, we ask three research questions:

**RQ1:** How does the internal organization structure of income change over time?

**RQ2:** Which funding resources are the most important for Czech NPOs in terms of financial stability?

**RQ3:** What are the alternatives for commonly used funding sources (regarding their application possibilities)?

In order to answer these research questions, we use descriptive and regression analyses (RQ1), best practice (RQ2), and systematic review (RQ3), thus providing a multidisciplinary methodological approach to the examined issue.

The emphasis is placed on the need to achieve financial stability and sustainability of NPOs (Svidroňová 2012) as a fundamental pillar of civil society and democracy. A theoretical part of the paper is based on relevant economic theories of the third sector (c.f. e.g., Hansmann 1980; ibid 1987; Weisbrod 1974; ibid 1977; Grand 1991; Salamon & Anheier 1998; James 1987; ibid 1990; Douglas, 1987; Salamon 1987; Hyánek 2011b), allowing a comprehensive classification of financial resources in line with actual trends in international research.

Based on the results of the research outcome analysis, we will propose implementation possibilities for alternatives to commonly-used funding sources (Salamon 2014) in the Czech Republic, such as nonprofit crowdfunding (e.g., Read 2013; Bogost 2012; Schweinbacher 2010), and virtual volunteering (e.g., Gazley & Brudney 2014; Holmes 2012; Mukherjee 2011). The paper will conclude with an estimation of future development trends for NPO funding and suggestions of policy implications for NPO public funding in the Czech Republic.