The non-government organizations in Slovakia and Austria and the current state of their self-financing.

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Research interests: non-profit organizations, non-governmental organisations, financial management of NGOs, performance measurement in NGOs, non-profit sector in the economic theory.

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Research interests: non-profit organisations, non-governmental organisations, management of NGOs, financing of NGOs.

Abstract
The presented paper deals with the self-financing of non-government organizations and compares the current state and potential of self-financing in Slovakia and Austria. We focus on exploring the self-financing activities of NGOs in the context of maintaining a generally beneficial purpose for which they were based. We draw on the comparable findings of primary research conducted in Slovakia and Austria, showing that self-financing must be understood in a broader context than the "business" of non-government organizations and that it can be in compliance with the general benefit as the primary purpose of organizations founded on a non-profit basis.

Key words:
Non-government organizations, non-profit organizations, self-financing, general benefit

JEL classification

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1. Introduction

Scope of non-government organizations (NGOs) is so diverse that it is impossible to find a single term to define these organizations. Therefore many authors (Anheier and Salomon, 1999; Bútora, 2011; Fríč, Goulli, 2001; Haken, 2005; Hansmann, 1996; Hyánek, 2011; Kuvíková, 2004; Marček, 2004; Ondrušek, 1998; Pestoff, 2006; Petijová, Woleková, 2006; Rektóřík, 2001; Rose-Ackerman, 1996; Toepler, 2003, Weisbrod, 1988) in a number of publications prefer a broader description of the characteristics of non-profit organizations. The structural-operational definition by Anheier and Salamon (1999) can be used. According to this definition an NGO should comply five characteristics: institutionalization, independence, non-distribution constraint, self-government, voluntary participation.

Like the concepts of non-profit and non-government organizations have many names, there are also a number of names for self-financing (Atkinson, 2003; Etchart, Davis, Messing, 2001; Fukas, Guštafík, 2005; Ondrušek et al., 1999): gainful occupation, economic activity, enterprise of NGOs, non-profit business, income from NGO’s own activities, community business.

NGOs have not yet reached such level of economic and managerial professionalism to be able to exist solely on sources from self-financing activities. It is not their goal – it would be in contrast with several principles of their financing (multi-sourcing, non-distribution constraint). As used by several foreign and domestic authors (Etchart, Davis, 2011; Glaeser, Shleifer, 2001, Hansmann, 1996; Kuvíková, 2004; Majduchová, 2004; Murgaš, 2001; Ondrušek, 1999; Šebo, 2002) the income cannot be used to enrich the owners, managers or members. According to the named authors the self-financing activities include: membership fees, sale of services and products, the use of intangible and tangible assets, and the use of investment appreciation.

In the paper we want to prove that self-financing is a suitable method of fundraising for NGOs, with respect to the benefits and risks that self-financing entails. We explore whether and to what extent the self-financing has an effect on the general benefit of the goals of NGOs.

According to available data a similar paper that deals with the possibilities of achieving generally beneficial goals of NGOs through the use of self-financing activities, has not yet published. Presented paper provides new insight into the studied problem while generating sufficient and creates theoretical and methodological basis for further scientific study and research work in this field.
2. The main text

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2.1 Material and Methods

The goal of the paper is on the basis of comparable outcome of primary research of NGOs conducted in Slovakia and Austria, as well as best practices of selected NGOs in Slovakia to prove that self-financing may be in compliance to the general benefit and purpose of NGOs.

Primary data was obtained by the sociological method of a structured questionnaire. Source data for Austria are the outcomes of the project "Different sources of funding of non-profit organizations" (Schober et al., 2010) conducted by Research Centre NPO-Kompetenzzentrum WU Wien. For Slovakia the data are the outputs of primary research conducted in the dissertation "Self-financing strategy and sustainability of non-profit organization" that was part of a project “VEGA 1/1001/09 2009-2010: The status of non-profit non-governmental sector in building a framework for the provision of public services (European Perspectives)” solved by team of authors of the Faculty of Economics, Matej Bel University in Banska Bystrica. Presented paper will be a part of an outcome of Masaryk university project „CZ.1.07/2.3.00/30.0009 Employment of Newly Graduated Doctors of Science for Scientific Excellence“.

In order to achieve comparable outcomes the same methodology in both countries was chosen (Benčo-Vaceková, 2012):

- Selection of relevant NGOs in the database or on the Internet.
- Establishing a personal contact with selected NGOs at the management level.
- Sending an e-mail with a link to an online-questionnaire to contacts that have been identified in the previous step.
- Sending a reminder after two weeks from the start of questioning.

Based on the representative sample of NGOs in Slovakia (SVK) and Austria (AT) and best practices of 13 Slovakian NGOs we can focus on the self-financing of NGOs in the context of sustaining the general benefit of their goals.

2.2 Formal Requirements (13)

- vzhled stránky – na všech stranách po 3 cm
písmo – Lm roman 12 (nutno nainstalovat na počítače); velikost 12, velikost 12-16 pro jednotlivé úrovně nadpisů, řádkování 1,5; mezery mezi odstavcem 6 bodů

citace – Hardvardský styl, nadpisy tabulek (Tab 1, Tab 2), nadpisy obrázků, grafů, schémat (Fig 1, Fig 2), vždy uvádět zdroj pod tabulkou či obrázkem

stránky se číslují

2.2.1 Hardvardský styl citování (12)

Podrobný popis citací v Hardvardském stylu i s příklady naleznete na těchto stránkách:

- https://sites.google.com/site/novaiso690/metody-citovani
- https://sites.google.com/site/novaiso690/metody-citovani/harvardsky-system-pravidla
- https://sites.google.com/site/novaiso690/priklady-harvardsky-system-jmeno-datum

Příklady citací:

1) Monografie:

- Název se nepřekládá do angličtiny, pokud jde o knížku v jiném jazyce
- Podle některých autorů (Kotler a Armstrong 2001)…..
- Kotler a Armstrong (2001) předpokládají, že…

2) Článek

- V textu stejné jako u monografie

3) Webová stránka

- na online knihy, časopisy apod. se v textu odkázat stejně jako na monografie


2.3 The main text (13)

Table I. Correlation coefficient

<table>
<thead>
<tr>
<th></th>
<th>GDP</th>
<th>GFCF</th>
<th>Unemployment</th>
<th>Sales industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Region</td>
<td>-0.10028</td>
<td>-0.18490</td>
<td>0.21089</td>
<td>-0.34248</td>
</tr>
<tr>
<td>Hradec Králové Region</td>
<td>-0.56411</td>
<td>-0.15028</td>
<td>-0.29731</td>
<td>-0.52013</td>
</tr>
<tr>
<td>Karlovy Vary Region</td>
<td>-0.05120</td>
<td>0.04325</td>
<td>0.16421</td>
<td>-0.38236</td>
</tr>
<tr>
<td>Liberec Region</td>
<td>0.32182</td>
<td>-0.05134</td>
<td>0.44703</td>
<td>0.25334</td>
</tr>
</tbody>
</table>

Source: adjusted by authors

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Figure I. Public revenue
Source: Author according to Ministry of Finance, Czech Republic (2012)

Figure II. An Economist

Source: Author
3. Bibliography (14)


