

PALACKY UNIVERSITY OLMOUC
PHILOSOPHICAL FACULTY

STATE OF THE ART ISO 9000 STANDARDS CONVERSION
INTO BENEFITS FOR CERTAIN GO OR NGOs

MASTER THESIS

Author: Bc. Ondřej Nosek

Supervisor: Prof. Dr.-Ing. habil. Günter H. Hertel

Olomouc 2012

Univerzita Palackého v Olomouci
Filozofická fakulta
Akademický rok: 2011/2012

Studijní program: Filologie
Forma: Prezenční
Obor/komb.: Odborná francouzština pro hospodářskou praxi
(OFHP)

Podklad pro zadání DIPLOMOVÉ práce studenta

PŘEDKLÁDÁ:	ADRESA	OSOBNÍ ČÍSLO
NOSEK Ondřej	Tulkova 1863, Nová Paka	F100557

TÉMA ČESKY:

Současný stav konverze norem ISO 9000 ve prospěch určitých vládních nebo nevládních organizací

NÁZEV ANGLICKY:

State of the art ISO 9000 standards conversion into benefits for certain GOs or NGOs

VEDOUCÍ PRÁCE:

Prof. Günter Hertel - KAE

ZÁSADY PRO VYPRACOVÁNÍ:

1. Master thesis work plan Draft and Editing
2. Literature survey
3. Design implementation
4. ESQ Research (certain GOs and NGOs)
5. Experts consultations + ESI research
6. Results analysis and vizualization

SEZNAM DOPORUČENÉ LITERATURY:

Normy řady ISO 9000
HNÁTEK, J., aj.: Uplatnění požadavků normy ISO 9001:2000 v praxi. Praha: Český normalizační institut, 2001.
HŘEBÍČEK, J.: Integrované systémy řízení, v Fiala A. a kol.: MANAGEMENT JAKOSTI s podporou norem ISO 9000:2000, Verlag Dashöfer Praha, 2000, 3/3. ISBN 80-86229-19-X
NENADÁL, J., aj.: Moderní systémy řízení jakosti. Praha: Management press, 1998.
TRUNEČEK, J.: Systémy podnikového řízení ve společnosti znalostí. Učební texty pro předmět management změny. VŠE Praha, 1999, 183 s. ISBN 80-7079-083-0
<http://www.csni.cz/> Český normalizační institut.

Podpis studenta:

O. Nosek

Datum:

31.01.2012

Podpis vedoucího práce:

Günter Hertel

Datum:

31.01.2012

DECLARATION

I hereby declare that this thesis is my own work and effort and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been acknowledged

In Olomouc on 29th November 2012

Signature

ACKNOWLEDGMENTS

First, I would like to thank to my supervisor, Prof. Dr.-Ing. habil. Günter H. Hertel, for helping me to focus in the wide topic of Quality Management and for his notes and recommendations.

Next, I would also like to thank Petr Kopecký from Quality management Austria for his insights and shared knowledge.

Furthermore, I would like to thank to Mrs. Ludmila Gottwaldová, DiS - director of “Charita Olomouc”, Ms. Bc Martina Horníčková DiS– project coordinator at “Zeměkoule o.s.” and Ms. Bc. Lenka Bláhová DiS – statutory representative at “Jidlopis, o.s.”, and Jan Kolomazník – statutory representative at “OLLOVE o.s.”, who were so kind to agree to including their Non-Governmental Organizations in this research.

I would also like to thank to doc. Jaroslava Kubatova for making it possible for me to write this Master Thesis in English.

Ondřej Nosek

Olomouc 2012

TABLE OF CONTENTS

Table of contents.....	1
1. INTRODUCTION	4
1.1. Research motivation and purpose	4
1.2. Research Hypothesis and Questions	5
1.3. Methodology	7
1.4. Structure	8
2. Non-Governmental organizations.....	9
2.1. The non-profit sector – definition	9
2.1.1. Specification of the non-profit sector in collation with the private and public sectors.....	11
2.1.1.1. Social economy and social enterprises	13
2.2. The Czech non-profit sector.....	16
2.2.1. History	16
2.3. Non-Profit Organizations Classification and Forms	17
2.3.1. International Classification of Non-Profit Organizations	17
2.3.2. The breakdown of non-profit organizations by Rektorič.....	22
2.3.2.1. Breakdown by the global nature of the mission and vision	22
2.3.2.2. Breakdown of the founder of NGOs	22
2.3.2.3. NGOs breakdown by financing.....	22
2.3.2.4. Breakdown according to the characteristics of implemented activities	23
2.3.3. Missions of Non-Governmental Organizations.....	23
2.3.4. Breakdown of Non-Governmental Organizations by legal form in the Czech Republic	25
2.3.4.1. Civic associations	27
2.3.4.2. Public benefit corporations.....	27
2.3.4.3. Foundations and endowment funds.....	28
2.3.4.4. Churches and religious communities	29
2.3.4.5. Other	29

TABLE OF CONTENT

2.3.4.6. Summary	29
2.4. Management of Non-Governmental Organizations	30
2.4.1. Management in general	30
2.4.2. The manager	31
2.4.3. Managerial levels	32
2.4.4. Organizational environment	34
2.4.5. Specifics of Non-profit organization's management.....	36
2.5. Summary	38
3. Non-Governmental Organizations – Empirical studies	39
3.1. SWOT analysis of the Czech non-profit sector.....	39
3.2. OLLOVE o.s.	41
3.2.1. OLLOVE o.s. - Maturity level	42
3.2.2. OLLOVE o.s. – SWOT analysis	43
3.2.3. OLLOVE o.s. – Summary	43
3.3. Jidlopis o.s.....	44
3.3.1. Jidlopis o.s. - Maturity level	45
3.3.2. Jidlopis o.s. – SWOT analysis	45
3.3.3. Jidlopis o.s. – Summary	46
3.4. Zeměkoule o.s.	47
3.4.1. Zeměkoule o.s. - Maturity level	48
3.4.2. Zeměkoule o.s. – SWOT analysis	49
3.4.3. Zeměkoule o.s. - Summary.....	49
3.5. Charita Olomouc – Charity Olomouc	50
3.5.1. Charity Olomouc - Maturity level	51
3.5.2. Charity Olomouc - SWOT analysis.....	52
3.5.3. Charity Olomouc – Summary.....	52
3.6. Summary and answers to the first three hypothesis	53
4. Finding solutions TO PROBLEMS WITH THE IMPLEMENTATION OF Quality Management pRINCIPlEs	55
4.1. Principle 1 - Customer-Focused Organisation	55

TABLE OF CONTENT

4.2.	Principle 2 - Leadership	56
4.3.	Principle 3 - Involvement of People.....	57
4.4.	Principle 4 - Process Approach	58
4.5.	Principle 5 - System Approach to Management.	59
4.6.	Principle 6 - Continual Improvement.....	59
4.7.	Principle 7 - Factual approach to decision making	60
4.8.	Principle 8 - Mutually beneficial supplier relationships	61
4.9.	Summary	62
5.	Conclusion and Future Outlook.....	63
5.1.	Hypothesis 1	63
5.2.	Hypothesis 2.....	63
5.3.	Hypothesis 3.....	64
5.4.	Hypothesis 4.....	64
5.5.	Recommendations	65
5.6.	Future outlooks and conclusion	65
6.	SOURCES	67
6.1.	BIBLIOGRAPHY.....	67
6.2.	ONLINE SOURCES	69
6.3.	LAWS	70
7.	Abstract.....	71
8.	List of figures.....	72
9.	LIST OF TABLES.....	73
10.	ANNEX 1 - ISO 9000 standards	74

1. INTRODUCTION

This chapter aims to introduce this work's research motivation and purposes, poses research questions and presents formulated hypothesis, and describes Methodology and Structure of this work.

1.1. Research motivation and purpose

Today, quality standards pervade all aspects of our society, from quality management systems standards for power stations to technical specifications for manufacturing and quality standards for many kinds of services. Quality behind making products and providing services is driven by the requirements of costumers, consumers and third parties involved such as protection of the environment.

Non-Governmental Organizations are in addition to government and business organizations an essential part of national economy. They are not established only to make profits but mainly to provide public services. NGOs operate in many areas, such as care for the disabled, the environment, cultural heritage, or social services. Services provided by NGOs are usually provided for free or at a market price to cover the cost of their production.

When it comes to quality challenges in terms of Non-Governmental Organizations (NGOs), we should first familiarize with their purpose, stakeholders and environment in Chapter 2. Recently, Non-Governmental Organizations are becoming more concerned about their sustainability due to the current complex and dynamic environment within which they operate. Such conditions are forcing Non-Governmental Organizations to adopt new and innovative approaches to pursue their mission and to maintain their sustainability and growth.

Accordingly, this thesis aims to investigate quality models application as one of possible solutions to finding an approach. Although quality models, e.g. EFQM model, are claimed to be effectual frameworks for improving organizations' performance, yet these models are not appeared to be explored properly within the Czech Republic's Non-Governmental Organizations' sector. Therefore, this work aims to provide insights about how far Total Quality Models (particularly ISO 9000-9004) can be adopted by NGOs as a framework for improving performance, sustainability and problem solving.

1.2. Research Hypothesis and Questions

In the report by Keystone and AccountAbility for the British Overseas NGOs for Development (BOND) in 2006 titled “A *BOND Approach to Quality in Non-Governmental Organisations: Putting Beneficiaries First*”, definition of Non-Governmental Organization quality according to the members of BOND can be summarised in the following definition: “*The quality of an NGO’s work is primarily determined by the quality of its relationships with its intended beneficiaries.*”¹ I would like to use this definition in formulation of the first set (S) of questions (Q) and the first hypothesis (H1).

S1 Beneficiaries – set of questions focused on the relation between a Non-Governmental Organization and its beneficiaries:

- Q1) Who are beneficiaries for the specific NGO?
- Q2) How can these beneficiaries be identified?
- Q3) What are the needs and priorities of specific beneficiaries?
- Q4) Are the needs and priorities of beneficiaries (regularly) monitored and measured?
- Q5) How are the needs and priorities of beneficiaries monitored and measured?
- Q6) How often are the requirements and expectations of stakeholders monitored and measured?
- Q7) When monitored and measured, how are the needs and priorities of beneficiaries taken into account?

H1: By maintaining a respectful dialogue with its intended beneficiaries, and by recognising their priorities from their points of view, a Non-Governmental Organization indirectly allows beneficiaries to shape its operational decisions leading to establishment of a framework for analysis, response and evaluation of high quality.

Perspectives on approaches to the quality of Non-Governmental Organizations often generate ambivalent attitudes. On the one hand, the growing number and range of laws, conventions, charters, codes, standards, and frameworks on offer can give rise to confusion, stasis and in some cases distraction from organisational objectives. On the

¹ /online/ BOND. A report by Keystone and AccountAbility for the British Overseas NGOs for Development. August 2006.

[Type text]

INTRODUCTION

other hand, however, never before has there been such a range of approaches offering assistance to and regulation of Non-Governmental Organizations, in helping them meet their objectives and the expectations of their stakeholders. So the first question asked by a CEO, manager, local worker, or any other stakeholder for that matter is: “*In terms of what we are already doing – what do we need to do to improve our quality and accountability to stakeholders?*”² This wide question can be broken down to two sets (S) of questions (Q) and used to formulate the following two hypotheses (H2 and H3):

S2 **Stakeholders** related questions:

- Q1) Who are the stakeholders for the specific NGO?
- Q2) Are the stakeholders identified? If yes, how are they identified?
- Q3) What are the requirements and expectations of specific stakeholders?
- Q4) Are the requirements and expectations of stakeholders monitored and measured?
- Q5) How are the requirements and expectations of stakeholders monitored and measured?
- Q6) When monitored and measured, are requirements and expectations of stakeholders taken into account?

H2: Non-Governmental organizations can benefit from using stakeholders’ points of view to improve their activities.

S3 **Activities** (what is the NGO “*doing*” - activities of the organisation based on its mission, values, objective and the reality) questions:

- Q1) Who formulates the mission and the vision of the organization?
- Q2) How often are the mission, values, objective revised and by whom?
- Q3) What kind of activities are executed and for whom?
- Q4) What are the resources necessary for these activities?
- Q5) How is the efficiency of these activities monitored and measured and by whom?
- Q6) How can the organization react to any changes in needs of its beneficiaries?

² /online/ BOND. A report by Keystone and AccountAbility for the British Overseas NGOs for Development. August 2006.

INTRODUCTION

H3: Non-Governmental Organizations do not have the capacity and resources to react momentarily and with quality to immediate changes in needs of beneficiaries and for effective responses to new challenges and opportunities.

To identify the potential benefits of Quality Management's implementation within Non-Governmental Organizations, three empirical studies have been conducted. These studies point out problems and challenges Non-Governmental Organizations are facing on regular and irregular bases and thus eventually make it possible to theoretically apply QM standards such as the family of ISO 9000 in search for permanent solution or prevention of identified problems and better reaction to challenges and opportunities.

The following questions are asked in order to identify and analyse the problems and challenges of Non-Governmental Organizations as well as its strengths and opportunities. In reaction to these question and their findings, the last hypothesis (H4) is formulated.

S4 Management questions (Non-Governmental Organizations):

- Q1) What is the current level of maturity of the organization's management?
- Q2) What are the challenges / problems of general management?
- Q3) What are the challenges / problems in terms of legislation?
- Q4) What are the challenges / problems in terms of resources?
- Q5) What are the challenges / problems in terms of human resources?
- Q6) What are the challenges / problems in terms of external environment?

H4: By implementation of specific Quality Management principles, a Non-Governmental Organization can improve performance, sustainability, problem solving and prevention of problems and challenges.

1.3. Methodology

The facts, figures and findings presented in the Master Thesis have been adapted from scientific literature, analysis of current scientific articles and magazines as well as results of scientific investigation and discussions with experts and analysts specialized in the chosen subject. Three parallel two-level investigations have been conducted at three different Non-Governmental Organizations.

The first level of the investigation was based on an explorative studies by questionnaires (ESQ), identifying the level of maturity of the Non-Governmental

[Type text]

INTRODUCTION

Organization. For purposes of this master thesis, the full ISO 9004:2009 Self Assessment Matrix³ tool was adopted into a form of an online questionnaire.

Following, the second level of the investigation intended to reach hidden knowledge via explorative studies by interviews prepared in response to the current level of maturity of the Non-Governmental Organization. A semi-structured interview was prepared after the NGO has submitted the Self Assessment questionnaire. Structure of questions for the interview followed the Self Assessment Matrix with the emphasis on areas with the lowest and the highest level of maturity achieved by the specific Non-Governmental Organization.

The findings from Self Assessment and interview investigation are then combined in a form of a SWOT analysis in order to identify strengths and weaknesses as well as opportunities and threats for the Non-Governmental Organization. Total Quality Management tools are then theoretically applied in dealing with generic as well as specific weakness and threats identified in the Non-Governmental Organizations.

1.4. Structure

Chapter 2 focuses on the general concept of non-profit organizations is described, state of the art of the non-profit sector in the Czech Republic and the typology of non-profit organizations by different criteria is laid out.

The following part, chapter 3, presents generic and specific findings from investigations of three Non-Governmental Organizations, namely their problems and challenges in a form of a SWOT analysis.

Chapter 4 investigates the possibility of finding solutions to problems and challenges of NGOs indentified n the previous chapter by introducing Quality Management as ISO 9001/9004 standards.

The work is closed with a conclusion responding to the research hypothesis and formulating further research questions opened by findings of this work.

³ ISO 2004. *Quality management systems – Guidelines for performance improvements*.2009.
[Type text]

2. NON-GOVERNMENTAL ORGANIZATIONS

The main task of this chapter is to provide a definition of the non-profit sector and to characterize the types of organizations investigated in this work and to identify their role and place in the economy and public society. Related terms such as the non-profit sector and areas such as specifics of management of Non-Governmental organizations are also explained hereafter.

2.1. The non-profit sector – definition

If we define civil society as a set of citizens, developing an organized or unorganized activity beneficial for the society, and the non-profit sector as a set of institutionally embedded civil society organizations, it will enable us to specify the range of the non-profit sector.

Over the years, many authors have created different terminology for what is seemingly the same group of organizations. Names like the third sector, independent sector, non-profit sector, charitable sector or voluntary sector are used in different countries with different frequencies. Unfortunately, they are often confused with one another or a different emphasis is placed on their importance. This causes that we cannot be sure that the two authors have addressed the same social aspect. Salomon and Anheier argue that this complexity was created due to the large number of organizations that are included under one common roof: from small charitable canteens to symphonic orchestras, from garden parties to environmental organizations.⁴

According to the Pestoff's model (Figure 2), NGOs must meet the following three conditions⁵:

- ✓ They are based by private persons, without the intent or effect the state resp. public institutions (within the private sector)
- ✓ Meet the condition of being non-profit (within the voluntary sector)
- ✓ They are legal entities with long-term character of activities and are not a temporary group without formal structures (as a formal organization)

Another important definition of NGOs was formulated by the Government Council for NGOs and divides NGOs into these two groups:⁶

⁴ SARGEANT, A.: *Marketing Management for Nonprofit Organizations*. 2005, p. 2-3.

⁵ HYÁNEK, V., ŠKARABELOVÁ, S., ŘEZUCHOVÁ, M.: *Rozbor financování nestátních neziskových organizací z vybraných veřejných rozpočtů*, July 2005, p. 6.

NON-GOVERNMENTAL ORGANIZATIONS

- I. Governmental non-profit organization, which can be described as a state or public. The work of these non-profit organizations is primarily in the areas of public administration. The most common forms are contributory organizations or small civic associations.
- II. Non-governmental non-profit organizations, also known as private non-profit organizations. Their existence is on the ability of certain groups of people living in any area, organize and manage their interests. Council in this type of non-profit organizations including civic associations, foundations and endowment funds, church legal entities and public benefit corporation.

For purposes of this work, we intend to consider the non-profit sector to be an aggregate of existing and active non-profit organizations matching **the definition of non-profitability** by Salamon and Anheier⁷, according to who these organizations must meet the five properties, according to them NGOs are:

- ✓ Institutionalized (Organized) - have some form of organizational
- ✓ Private (private) - are institutionally separate from government
- ✓ Non-profit (non-profit) - profit is not intended for distribution to owners or members, is used to meet the objectives of the organization
- ✓ Personal and independent (self-governing) - are not controlled by the state or other institutions
- ✓ Voluntary (voluntary) - participation in the organization is voluntary⁸

One can therefore contrast NGOs with other types of third sector groups such as trade unions, organizations concerned with arts or sport, and professional associations.⁹

⁶ HYÁNEK, V., ŠKARABELOVÁ, S., ŘEŽUCHOVÁ, M.: *Rozbor financování nestátních neziskových organizací z vybraných veřejných rozpočtů*. July 2005, p 8.

⁷ This is the definition that is used most often in the Czech Republic, taken from: SALAMON, L., M. & ANHEIER, H., K. *In Search of the non profit sector*. 1992.

⁸ SALAMON, L.M., & ANHEIER, H.K., *Defining the non-profit sector: A cross-National Analysis*. 1997, p.34.

⁹ HYÁNEK, V., ŠKARABELOVÁ, S., ŘEŽUCHOVÁ, M.: *Rozbor financování nestátních neziskových organizací z vybraných veřejných rozpočtů*. July 2005, p 8.

NON-GOVERNMENTAL ORGANIZATIONS

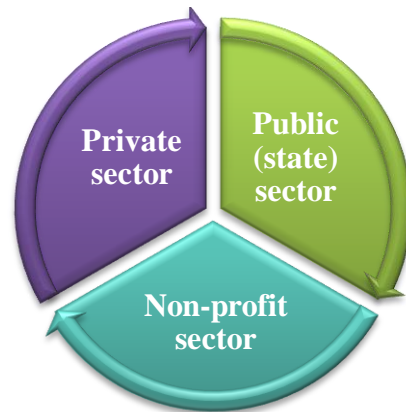
2.1.1. Specification of the non-profit sector in collation with the private and public sectors

National economy (or if you want national product, simply what our country can produce) can be divided into three sectors. Private sector (or privately run businesses), state sector (also called public) and non-profit sector. This distribution is illustrated Figure 1.

Private sector is the area market which operates on the principle of the "invisible hand" and provides most of our needs. The offer of producers corresponds (at least in developed economies) to the needs of the population in order to bring the manufacturers appropriate profits. Role of the "invisible hand" is to ensure that suppliers of services and products will not sell for too high prices because there is an ever present threat that people would buy from someone else. Philanthropy or charity does not exist in this sector. Already in 1776, Adam Smith said, "*It is not from the benevolence of the butcher, the brewer, or the baker, that we can expect our dinner, but from regard to Their Own interest.*"¹⁰

As has been said, the private sector is to ensure that people's needs are satisfied. However, we often encounter examples where we can see that the "invisible hand" does not work, and therefore here enters the role of the **state sector**. It is necessary that it is the state that ensures certain minimum standards for the citizens, and although it is not advantageous, makes them available to all individuals in the society (e.g. education, healthcare, etc.). Adam Smith defined the public sector as: "*The third and last duty of the sovereign or commonwealth is that of erecting and maintaining those public institutions and those public works, which, though they may be in the highest degree advantageous to a great society, are, however, of such a nature that the profit could never repay the expense to any individual or small number of individuals, and which it therefore cannot be expected that any individual or small number of individuals should erect or maintain.*"¹¹

Figure 1: Economic sectors breakdown



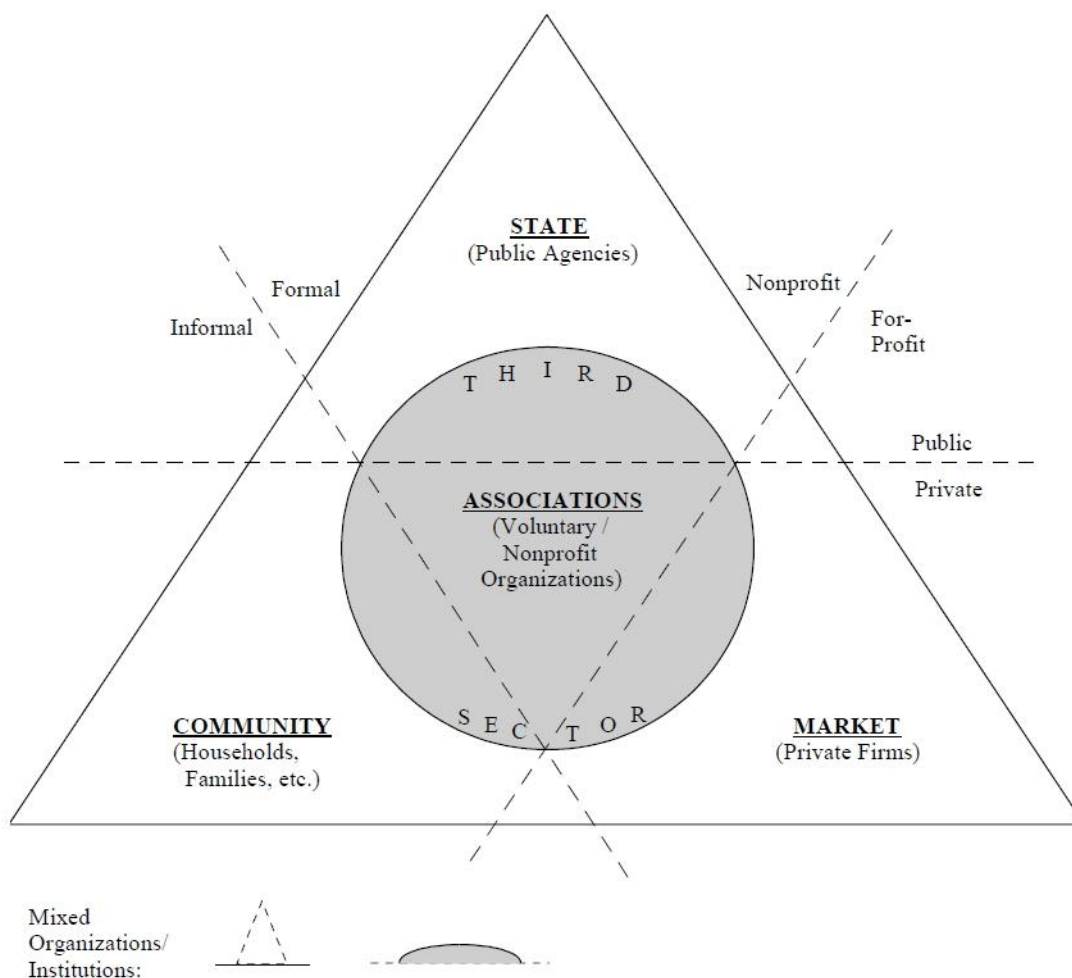
¹⁰ SMITH, A. 1776 in SARGEANT, A.: *Marketing Management for Nonprofit Organizations*. 2005, p. 3.

¹¹ *ibid.*

NON-GOVERNMENTAL ORGANIZATIONS

The **non-profit sector** operates wherever there are needs that can be met neither by the state nor businesses nor by the society in the form of families or individuals. Yet the non-profit sector in some way extends also into other sectors. There is a substantial influence of the state or public authorities in certain non-profit organizations (e.g. municipality), where the state or its institutions are one of the founders. Other organizations may have essentially a market character, just taking advantage the legal form of the non-profit entity. Given the already mentioned definition of non-profit organizations by Salamon and Anheier, both mentioned situations are obviously undesirable. Ultimately, a non-profit organization may be established only for the enjoyment of families or groups of friends (e.g.: villagers establish a civic association for organizing the annual hunting ball in order to be able to apply for a contribution from the cultural fund of the relevant Regional office).

Figure 2 The position of non-profit sector in the national economy by Pestoff (the Welfare Triangle)¹²



¹² REKTOŘÍK, J.: *Organizace neziskového sektoru, Základy ekonomiky, teorie a řízení*. 2001.

NON-GOVERNMENTAL ORGANIZATIONS

To the above obvious division of the national economy into three sectors - public, private and non-profit - Pestoff (1992) adds one further dimension of families and households. Such a division into four sectors is illustrated in Figure 2. Base if this image consists of the public sector, households and the market as featured actors in the market. These entities are characterized by the inclusion of either profit or non-profit sector, in terms of their formalities formality or informality. Households together with the market create the private sector. The picture shows the area in which the activities and mission organizations overlap. These zones are called border or mixed. Organizations figuring in these zones may be of private character, however, they interfere with the mission of the public sector by which they are partially funded, or conversely, they may be a state institution which is established for business purposes.

This scheme gives us a good overview of the diversity of the non-profit sector. The government, the public sector, influences the non-profit sector by its legal definition and especially by the possibility of providing financial resources, either in the form of grants, contracts or tax breaks. Profit organizations can also act as a source of funding, e.g. through sponsorship, but both profit and non-profit organizations can provide the same or similar services, in which case they become competitors on the market.¹³

The **non-profit sector** plays a vital role wherever the state or private business organization is not willing to engage. It should be yet underlined that this is a sector is essentially built just on charity or good will of the citizens of the society. It includes people who have chosen to help other people solve their problems and worries. The non-profit sector is not directed (nor controlled - with the exception of the Tax Office) by states or businesses, but it is formed from below on the bases of needs and involvement of citizens. Often, issues addressed by the non-profit sector are viewed as unpopular by the state and private sector but they may be important (environmental protection, corruption, consumer protection, social problems, equal conditions for people with disabilities, and others).

2.1.1.1. *Social economy and social enterprises*

To make matters a little more complicated, let us mention one more term - **social economy**. In the first place it should be noted that it is an economy that is a social

¹³ REKTOŘÍK, J.: *Organizace neziskového sektoru. Základy ekonomiky, teorie a řízení*, 2.edition, 2007, s. 17-18.

NON-GOVERNMENTAL ORGANIZATIONS

science discipline analyzing production distribution and consumption of goods and services. Dohnalová¹⁴ describes social economy as the third sector of the economy, consisting of private economic entities independent of the state. This designation of the third sector is inappropriate given the traditional concept of perception of the economy. The economy is the sector can be divided into primary sector, focused on the acquisition of natural resources (extraction such as mining, agriculture, fishing) secondary sector, including manufacturing (food processing, engineering), and finally said tertiary or the third sector focusing on the provision of services. For this reason, it is necessary to define the social economy, somewhat more broadly, for example in the words of OECD, as follows:

*“Social economy or refers to the sphere of non-public, economically active organisations that are primarily oriented towards social and ideal-driven objectives, rather than profit maximisation.”*¹⁵

Social enterprises have developed from and within the social economy sector, which lies between the market and the State and is often associated with concepts such as “third sector” and “non-profit sector”. In fact the distinctive organisational forms that social enterprises adopt depend on the existing legal frameworks, on the political economy of welfare provision and on the cultural and historical traditions of non-profit development in each country. As a result, the social enterprise sector today includes both new typologies of organisations and traditional third sector organisations re-fashioned by a new entrepreneurial dynamic. In this respect, the social enterprise concept does not seek to replace concepts of the non-profit sector or social economy. Rather, it is intended to bridge these two concepts, by focusing on new entrepreneurial dynamics of civic initiatives that pursue social aims.

Social enterprises typically engage in delivery of social services and work integration services for disadvantaged groups and communities, whether in urban or rural area. In addition, social enterprises are also emerging in the provision of community services, including in the educational, cultural and environmental fields.

From a cross-country perspective, it is possible to identify a set of key economic and social elements that help define social enterprises across national differences¹⁶:

¹⁴ /online/ DOHNALOVA, M., POTUCEK, M.: *Podpora sociální ekonomice, strategická inovace*. 2009. [2012-11-10]

¹⁵ /online/ OECD, LEED: *The Social Enterprise Sector: A Conceptual Framework*. 2003. [2012-11-15]

NON-GOVERNMENTAL ORGANIZATIONS

Economic Criteria:

- A. Unlike traditional non-profit organisations, social enterprises are directly engaged in the production and/or sale of goods and services (rather than predominantly advisory or grant-giving functions)
- B. Social enterprises are voluntarily created and managed by groups of citizens. As a result, while they may receive grants and donations from public authorities or private companies, social enterprises enjoy a high degree of autonomy and shareholders have the right to participate ('voice') and to leave the organisation ('exit');
- C. The financial viability of social enterprises depends on the efforts of their members, who are responsible for ensuring adequate financial resources, unlike most public institutions. Social enterprises therefore involve a significant level of economic risk;
- D. Activities carried out by social enterprises require a minimum number of paid workers, even if they may combine voluntary and paid workers.

Social criteria:

- E. Social enterprises are the result of an initiative by citizens involving people belonging to a community or to a group that shares a certain need or aim. They must maintain this dimension in one form or another
- F. Decision making rights are shared by stakeholders, generally through the principle of 'one member, one vote'. Although capital owners in social enterprises play an important role, decision-making power is not based on capital ownership;
- G. Social enterprises are participatory in nature, insofar as those affected by the activities (the users of social enterprises' services) are represented and participate in the management of activities. In many cases one of the objectives is to strengthen democracy at local level through economic activity;
- H. Social enterprises include organisations that totally prohibit the distribution of profits and organisations such as co-operatives, which may distribute their profit only to a limited degree. Social enterprises therefore avoid profit maximising behaviour, as they involve a limited distribution of profit.

¹⁶ Adapted from p. 3-25 of DEFOURNY, J.: *From Third Sector to Social Enterprise*. 2011.

NON-GOVERNMENTAL ORGANIZATIONS

- I. Social enterprises pursue an explicit aim to benefit the community or a specific group of people. By doing so, they directly and indirectly promote a sense of social responsibility at local level.

2.2. The Czech non-profit sector

2.2.1. History

The Czech non-profit sector is rich on periods of non-profit sector flourishing and culminated in the period of the first Czechoslovak Republic (1918-1939) and periods when civic activities were restricted or banned under different regimes (German occupation, Communist regime). This pattern is common for Eastern and Central European countries but represents an anomaly in the world-wide context. Apart from associations focused on national interests, non-profit concentrated on the three traditional fields: health, education, and social services¹⁷. The character of the sector was very similar to modern non-profit sectors of western countries but changing regimes shifted the Czech non-profit sector toward culture, sport and recreation.

The shift started under the German occupation in 1939 when many non-profit s were banned and others were reorganized in order to serve state purposes. After World War II non-profits renewed their activities. Many organizations became influenced by political parties and the further evolution of the non-profit sector was blocked by the Communist regime (1948). Activities of churches were restricted to worship and education. Associations were united into the "voluntary organization" called National Front that was a roof institution for unions, political and voluntary organizations. The membership in the National Front was supposed to ensure the loyalty to the regime.¹⁸

The state patronized the provision of education, health and social care. These services were provided by budgetary and subsidiary organizations that created the so-called state non-profit sector. The political pressure of the state slowly faded in the 1960's. Citizens became more active in public affairs and several non-profit organizations were re-activated. The "normalization period" (after the military invasion of Warsaw pact countries) returned the non-profit sector to the conditions before 1960s. Civic activities started to awake in 1980s. Environmental and some educational and scientific activities were tolerated by the communist regime. Other civic organizations

¹⁷ For the more detailed history of the Czech non-profit sector see Fric and Goulli (2001). A brief summary can be also found in SALAMON et al. (1999).

¹⁸ FRIC, P. & GOULLI, R.: *Neziskovy sektor v Ceske republice*. 2001.

NON-GOVERNMENTAL ORGANIZATIONS

worked informally and their activities culminated in the 1989 revolution. The re-emergence of the Czech non-profit sector started in full only in the 1990's after the abolishment of the Communist legacy. The fast increase in the number of non-profit entities and their legal forms are shown in table 3 in section 2.3.3.¹⁹

2.3. Non-Profit Organizations Classification and Forms

Many authors (Šimková 2010; Škarabelová 2005) and ultimately even the Government Council for nongovernmental organizations²⁰ divides non-profit organizations into public and private. **Government Organizations** or **GOs** are state or public non-profit organizations which provide mainly the realization of public administration. Their legal forms are in the Czech Republic subsidized organizations and state organizational units and regions.

Non-Governmental Organizations or **NGOs** are those that arose from below, from the activities of citizens. From now on, this work deals only with Non-Governmental Organizations (NGOs). The following sections classify NGOs in terms of areas of activity, missions and legal forms.

2.3.1. International Classification of Non-Profit Organizations

Non-profit institutions are classified by primary area of activity according to the International Classification of Non-profit Organizations²¹ (ICNPO). It is the classification system recommended in the United Nations (UN) Handbook on Non-profit Institutions in the System of National Accounts. The ICNPO system groups organizations into 12 major activity groups, including a catch-all 'not elsewhere classified' category. These 12 major activity groups are further divided into 24 subgroups. These are briefly described below.²²

¹⁹ SALAMON, L.M., ANHEIER, H.K., and associates: *Global Civil Society: Dimensions of the Nonprofit Sector*. 1999.

²⁰ http://www.vlada.cz/assets/ppov/rnno/dokumenty/zprava_o_neziskovem_sektoru.pdf

²¹ Adapted from SALAMON, L.M., ANHEIER, H.K., and associates: *Global Civil Society: Dimensions of the Nonprofit Sector*. 1999.

²² UNITED NATIONS: *Handbook on Non-Profit Institutions in the System of National Accounts*. 2003.

NON-GOVERNMENTAL ORGANIZATIONS

Table 1: International Classification of Non-Profit Organizations

<p>Group 1: Culture and recreation</p> <p><i>Media and communications.</i> Production and dissemination of information and communication; includes radio and TV stations; publishing of books, journals, newspapers and newsletters; film production; and libraries.</p> <p><i>Visual arts, architecture, ceramic art.</i> Production, dissemination and display of visual arts and architecture; includes sculpture, photographic societies, painting, drawing, design centres and architectural associations.</p> <p><i>Performing arts.</i> Performing arts centres, companies and associations; includes theatre, dance, ballet, opera, orchestras, and chorals and music ensembles.</p> <p><i>Historical, literary and humanistic societies.</i> Promotion and appreciation of the humanities, preservation of historical and cultural artefacts and commemoration of historical events; includes historical societies, poetry and literary societies, language associations, reading promotion, war memorials and commemorative funds and associations.</p> <p><i>Museums.</i> General and specialized museums covering art, history, sciences, technology and culture.</p> <p><i>Zoos and aquariums.</i></p> <p><i>Sports.</i> Provision of amateur sport, training, physical fitness and sport competition services and events; includes fitness and wellness centres.</p> <p><i>Recreation and social clubs.</i> Provision of recreational facilities and services to individuals and communities; includes playground associations, country clubs, men's and women's clubs, touring clubs and leisure clubs.</p> <p><i>Service clubs.</i> Membership organizations providing services to members and local communities, for example Lions, Zonta International, Rotary Club and Kiwanis.</p>
<p>Group 2: Education and research</p> <p><i>Elementary, primary and secondary education:</i> Education at elementary, primary and secondary levels; includes pre-school organizations other than day care.</p> <p><i>Higher education:</i> Higher learning, providing academic degrees; includes universities, business management schools, law schools, medical schools.</p> <p><i>Vocational/technical schools:</i> Technical and vocational training specifically geared towards gaining employment; includes trade schools, paralegal training and secretarial schools.</p> <p><i>Adult/continuing education:</i> Institutions engaged in providing education and training in addition to the formal educational system; includes schools of continuing studies, correspondence schools, night schools and sponsored literacy and reading programs.</p> <p><i>Medical research:</i> Research in the medical field; includes research on specific diseases, disorders, or medical disciplines.</p> <p><i>Science and technology:</i> Research in the physical and life sciences and engineering and technology.</p> <p><i>Social sciences, policy studies:</i> Research and analysis in the social sciences and policy area.</p>
<p>Group 3: Health</p> <p><i>Hospitals.</i> Primarily inpatient medical care and treatment.</p> <p><i>Rehabilitation.</i> Inpatient health care and rehabilitative therapy to individuals suffering from physical impairments due to injury, genetic defect, or disease and requiring extensive physiotherapy or similar forms of care.</p>

NON-GOVERNMENTAL ORGANIZATIONS

Nursing homes. Inpatient convalescent care, residential care, as well as primary health care services; includes homes for the frail elderly and nursing homes for the severely handicapped.

Psychiatric hospitals. Inpatient care and treatment for the mentally ill.

Mental health treatment. Outpatient treatment for mentally ill patients; includes community mental health centres and halfway homes.

Crisis intervention. Outpatient services and counsel in acute mental health situations; includes suicide prevention and support to victims of assault and abuse.

Public health and wellness education. Public health promotion and health education; includes sanitation screening for potential health hazards, first aid training and services and family planning services.

Health treatment, primarily outpatient. Organizations that provide primarily outpatient health services e.g., health clinics and vaccination centres.

Rehabilitative medical services. Outpatient therapeutic care; includes nature cure centres, yoga clinics and physical therapy centres.

Emergency medical services. Services to persons in need of immediate care; includes ambulatory services and paramedical emergency care, shock/trauma programs, lifeline programs and ambulance services.

Group 4: Social services

Child welfare, child services and day care. Services to children, adoption services, child development centres, foster care; includes infant care centres and nurseries.

Youth services and youth welfare. Services to youth; includes delinquency prevention services, teen pregnancy prevention, drop-out prevention, youth centres and clubs and job programs for youth; includes Young Men's Christian Association (YMCA), Young Women's Christian Association (YWCA), Boy Scouts, Girl Scouts and Big Brothers/Big Sisters.

Family services. Services to families; includes family life/parent education, single parent agencies and services and family violence shelters and services.

Services for the handicapped. Services for the handicapped; includes homes, other than nursing homes, transport facilities, recreation and other specialized services.

Services for the elderly. Organizations providing geriatric care; includes in-home services, homemaker services, transport facilities, recreation, meal programs and other services geared towards senior citizens (does not include residential nursing homes).

Self-help and other personal social services. Programs and services for self-help and personal development; includes support groups, personal counselling and credit counselling/money management services.

Disaster/emergency prevention and control. Organizations that work to prevent, predict, control and alleviate the effects of disasters, to educate or otherwise prepare individuals to cope with the effects of disasters, or to provide relief to disaster victims; includes volunteer fire departments, life boat services, etc.

Temporary shelters. Organizations providing temporary shelters to the homeless; includes traveller's aid and temporary housing.

Refugee assistance. Organizations providing food, clothing, shelter and services to refugees and immigrants.

Income support and maintenance. Organizations providing cash assistance and other forms of direct services to persons unable to maintain a livelihood.

Material assistance. Organizations providing food, clothing, transport and other forms of

NON-GOVERNMENTAL ORGANIZATIONS

assistance; includes food banks and clothing distribution centres.

Group 5: Environment

Pollution abatement and control. Organizations that promote clean air, clean water, reducing and preventing noise pollution, radiation control, treatment of hazardous wastes and toxic substances, solid waste management and recycling programs.

Natural resources conservation and protection. Conservation and preservation of natural resources, including land, water, energy and plant resources for the general use and enjoyment of the public.

Environmental beautification and open spaces. Botanical gardens, arboreta, horticultural programs and landscape services; organizations promoting anti-litter campaigns; programs to preserve the parks, green spaces and open spaces in urban or rural areas; and city and highway beautification programs.

Animal protection and welfare. Animal protection and welfare services; includes animal shelters and humane societies.

Wildlife preservation and protection. Wildlife preservation and protection; includes sanctuaries and refuges.

Veterinary services. Animal hospitals and services providing care to farm and household animals and pets.

Group 6: Development and housing

Community and neighbourhood organizations. Organizations working towards improving the quality of life within communities or neighbourhoods, e.g., squatters' associations, local development organizations, poor people's cooperatives.

Economic development. Programs and services to improve economic infrastructure and capacity; includes building of infrastructure like roads; and financial services such as credit and savings associations, entrepreneurial programs, technical and managerial consulting and rural development assistance.

Social development. Organizations working towards improving the institutional infrastructure and capacity to alleviate social problems and to improve general public well being.

Housing associations. Development, construction, management, leasing, financing and rehabilitation of housing.

Housing assistance. Organizations providing housing search, legal services and related assistance.

Job training programs. Organizations providing and supporting apprenticeship programs, internships, on-the-job training and other training programs.

Vocational counselling and guidance. Vocational training and guidance, career counselling, testing and related services.

Vocational rehabilitation and sheltered workshops. Organizations that promote self-sufficiency and income generation through job training and employment.

Group 7: Law, advocacy and politics

Advocacy organizations. Organizations that protect the rights and promote the interests of specific groups of people, e.g., the physically handicapped, the elderly, children and women.

Civil rights associations. Organizations that work to protect or preserve individual civil liberties and human rights.

Ethnic associations. Organizations that promote the interests of, or provide services to, members belonging to a specific ethnic heritage.

NON-GOVERNMENTAL ORGANIZATIONS

Civic associations. Programs and services to encourage and spread civic mindedness.

Legal services. Legal services, advice and assistance in dispute resolution and court-related matters.

Crime prevention and public policy. Crime prevention to promote safety and precautionary measures among citizens.

Rehabilitation of offenders. Programs and services to reintegrate offenders; includes halfway houses, probation and parole programs, prison alternatives.

Victim support. Services, counsel and advice to victims of crime.

Consumer protection associations. Protection of consumer rights and the improvement of product control and quality.

Political parties and organizations. Activities and services to support the placing of particular candidates into political office; includes dissemination of information, public relations and political fundraising.

Group 8: Philanthropic intermediaries and voluntarism promotion

Grant-making foundations: Private foundations; including corporate foundations, community foundations and independent public-law foundations.

Voluntarism promotion and support: Organizations that recruit, train and place volunteers and promote volunteering.

Fund-raising organizations: Federated, collective fundraising organizations; includes lotteries.

Group 9: International

Exchange/friendship/cultural programs: Programs and services designed to encourage mutual respect and friendship internationally.

Development assistance associations: Programs and projects that promote social and economic development abroad.

International disaster and relief organizations: Organizations that collect channel and provide aid to other countries during times of disaster or emergency.

International human rights and peace organizations: Organizations which promote and monitor human rights and peace internationally.

Group 10: Religion

Congregations: Churches, synagogues, temples, mosques, shrines, monasteries, seminaries and similar organizations promoting religious beliefs and administering religious services and rituals.

Associations of congregations: Associations and auxiliaries of religious congregations and organizations supporting and promoting religious beliefs, services and rituals.

Group 11: Business and professional associations, unions

Business associations: Organizations that work to promote, regulate and safeguard the interests of special branches of business, e.g., manufacturers' association, farmers' association, bankers' association.

Professional associations: Organizations promoting, regulating and protecting professional interests, e.g., bar association, medical association.

Labour unions: Organizations that promote protect and regulate the rights and interests of employees.

Group 12: [Not elsewhere classified]

2.3.2. **The breakdown of non-profit organizations by Rektorik²³**

In practice, with regard to different positions in the non-profit sector, structural standards, activities undertaken and meet other differences with different classifications.

Rektorik divides non-profit organizations according to the following criteria:

- a) according to the criteria of the founder,
- b) the criterion of the global nature of the mission,
- c) the criteria according to the method of financing
- d) the criteria according to the characteristics of the activities performed.

2.3.2.1. *Breakdown by the global nature of the mission and vision*

This criterion divides NGOs into:

- Community organizations established for the purpose of missions satisfying the needs of society (eg environmental, charity, health, education, public administration).
- Organization of mutual benefit based mutual support to groups of citizens which are connected common interest.

2.3.2.2. *Breakdown of the founder of NGOs*

This criterion divides NGOs into:

- public organizations founded by public administration, i.e. the public authorities (ministries, central state administration office), or local government (village, municipality, county).
- private organization founded by a private organization natural or legal person (organization may be based and collectively).
- public institution the purpose of public service exercise is given as a duty by law

2.3.2.3. *NGOs breakdown by financing*

This criterion divides NGOs into:

- NGOs funded entirely from public budgets,

²³ REKTORÍK, J.: *Organizace neziskového sektoru : Základy ekonomiky, teorie a řízení*. 2010, p. 40.

NON-GOVERNMENTAL ORGANIZATIONS

- organization partly funded from public budgets (budgetary organizations, selected civic associations, churches and religious societies and political parties and political movements),
- organizations financed from various sources (donations, collections, sponsorship, membership fees, grants, private activity),
- organization funded primarily from the implementation of its mission.

2.3.2.4. *Breakdown according to the characteristics of implemented activities*

Under this occupational breakdown NGOs can be divided into:

- features common to all types of non-profit organizations:
 - ✓ are legal entities,
 - ✓ not established to business
 - ✓ have been established for the purpose of producing profit,
 - ✓ meet the specific needs of citizens and communities,
 - ✓ can be financed from public budgets.
- features common only for private non-profit organizations:
 - ✓ the law allows them autonomy in relation to environment,
 - ✓ membership on a voluntary basis (except professional associations) create an informal groups of supporters.

2.3.3. **Missions of Non-Governmental Organizations**

The main objective of Non-Governmental Organizations (non-profit organizations in general), as mentioned above (section 2.1.), is to achieve benefits in the form of public service. Each organization has a unique set of goals, as well as a mission towards the objectives of each organization varies.

Objective: The objective of non-profit organizations is finding such a solution that is both fair and objectively most functional. By solving problems which are at the periphery of profitable society and public economics NGOs contribute to the stability of the society.²⁴

²⁴ PLAMÍNEK, J. et al. *Řízení neziskových organizací : První český rádce pro pracovníky v občanských sdruženích, nadacích, obecně prospěšných společnostech, školách, církvích a zdravotnických zařízeních.* 1996.

NON-GOVERNMENTAL ORGANIZATIONS

Mission: The organization in the non-profit sector initiatives do not arise from the state, but thanks to the efforts of certain groups of citizens. At the beginning of Non-Governmental Organizations is a public dispute or problem and with the solution to the problem, an organization evolves, transforms or disappears. These disputes and problems that give inputs to the establishment of an organization, include issues such as the status of various minorities in society, whether physically or mentally disabled, drug addicts, a group with common sporting or cultural interest, a group seeking to improve the living conditions of animals or the environment, and issues of help to people affected by war or natural disaster.²⁵

Another way to divide Non-Governmental Organizations is according to the mission they are trying to implement. As the previous comprehensive table shows, the non-profit sector has organizations focusing on both, clean philanthropy (to provide services to other people regardless of their own benefit, e.g.: organization of social services for the disabled), and conversely those that are oriented to defending and highlighting of their benefit.

According to the overall character of the organization's mission, we can talk about the so-called publicly beneficial organizations (focusing on the good of others) and mutually beneficial organizations (self-interest). If we add type of activity to this division, whether their mission is focused on the provision of services or only defence of interests of the target group, it is possible to assemble matrix shown in table 2.²⁶

Table 2: Classification of Non-Governmental Organizations by mission²⁷

Organization	Mutually beneficial	Publicly Beneficial
Provision of services	1) Mutually beneficial NGOs providing services	1) Public benefit organizations providing services
Defence of interests	2) Mutually beneficial organization defending ("their-own") interests	2) Public benefit organizations defending interests of a target group ("somebody else ")

²⁵ PLAMÍNEK, J. et al. *Řízení neziskových organizací : První český rádce pro pracovníky v občanských sdruženích, nadacích, obecně prospěšných společnostech, školách, církvích a zdravotnických zařízeních*. 1996.

²⁶ LABOUTKOVÁ, Š.: *The Establishment of NGOs as One Growing Part of Developing Interest Groups in the Czech Republic*. *E+M Ekonomie a Management*. 2009.

²⁷ibid.

2.3.4. Breakdown of Non-Governmental Organizations by legal form in the Czech Republic

According to the Czech Statistic Office on Non-Governmental Organizations, there were 112 547 NGOs in the CR in March 2011. At present, most often encountered form of Non-Governmental Organizations are a civic associations (72 981) thanks to benevolent legislation of this form of non-profit organizations. However, flexibility in the organization leads to the fact that some civil society organizations are not active and can be described as "sleeping". Civic associations are regulated by Act No. 83/1990 Coll. On association of citizens. As another legal form, the Act No. 248/1995 Coll. public benefit corporation. This form does not occur too often in practice as a result of a rather strict form of organizational requirements and conditions of the organization. Act No. 3/2002 Coll. allows churches and religious associations and companies to establish a legal entity.²⁸

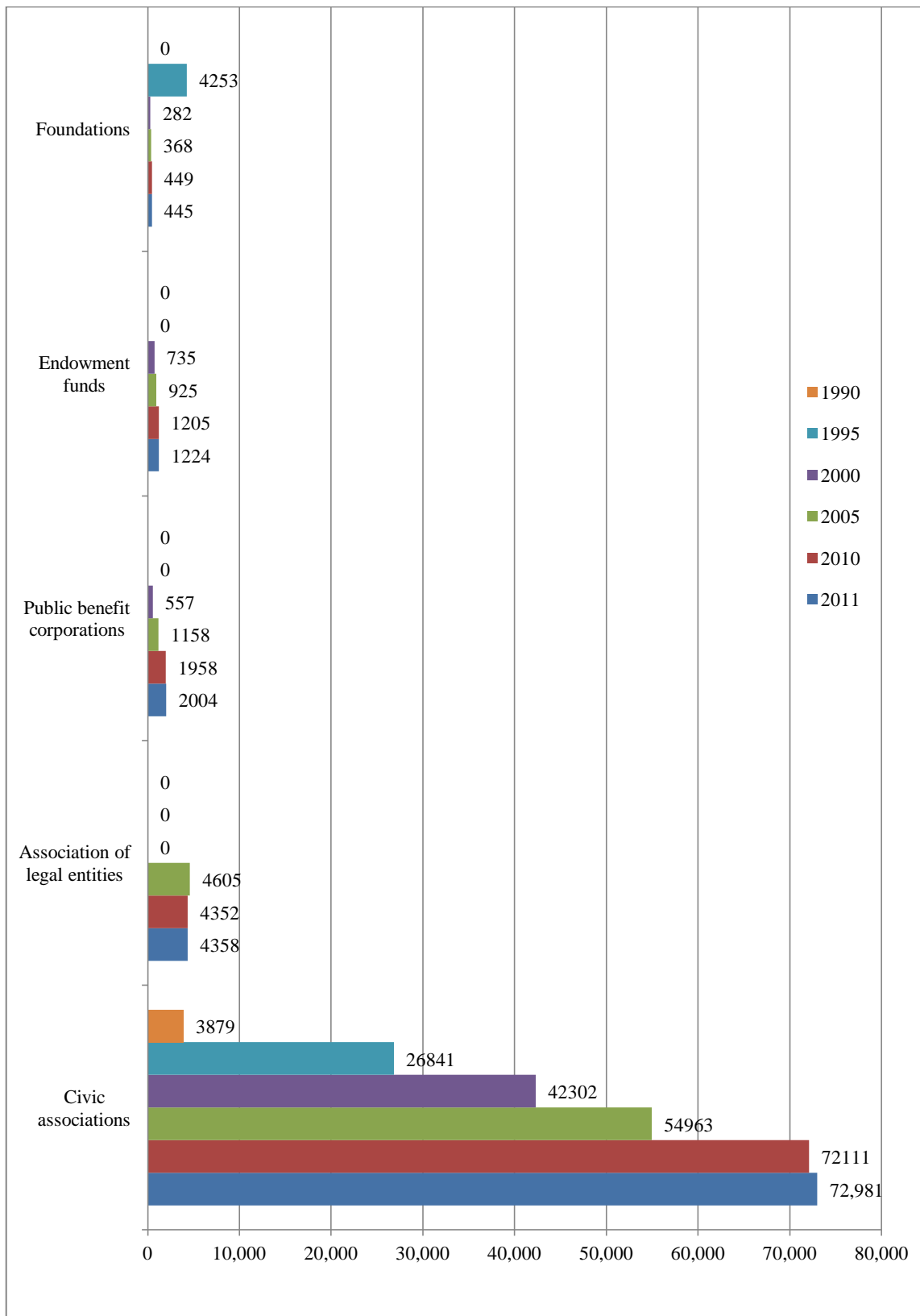
Looking at the numbers of Non-Governmental Organizations by different legal forms, the most common type of Non-Governmental Organizations are civil associations, which make up to 90% of all Non-Governmental Organizations. According to the Czech Statistical Office, 72,981 civil associations were registered as of March 2011. The second, in terms of the most numerous group of organizations, are association of legal entities (4,358 organizations). Furthermore, public benefit corporations (2004 organizations), endowment funds (1224) and foundations (445). The largest share of this amount was to civic associations, of which were registered. The following figure and table shows growth in numbers of Non-Governmental Organization in the CR in the last 20 years.²⁹

²⁸ HYÁNEK, V.: *Ekonomika neziskových organizací*. 2004, p. 23-24.

²⁹ /online/ Czech Statistic Office for Neziskovky.cz.: *Statistics on the number of NGOs*. [2012-7-

NON-GOVERNMENTAL ORGANIZATIONS

Figure 3 Numbers of Non-Governmental Organization in the CR in between 1990-2011³⁰



³⁰ /online/ Czech Statistic Office for Neziskovky.cz.: *Statistics on the number of NGOs*. [2012-7-13]

NON-GOVERNMENTAL ORGANIZATIONS

Table 3 Numbers of Non-Governmental Organization in the CR in between 1990-2011

Year / NGOs	Civic associations	Foundations	Endowment funds	Public benefit corporations	Association of legal entities	Total
1990	3,879	0	0	0	0	3,879
1995	26,814	4,253	0	0	0	31,067
2000	42,302	282	735	557	0	43,876
2005	54,963	368	925	1,158	4,605	95,197
2010	72,111	449	1,205	1,958	4,352	111,241
2011	72,981	445	1,224	2,004	4,358	112,547

2.3.4.1. *Civic associations*

Civic associations are membership organizations established for the pursuit of common interests. Civic associations are generally regulated by the Law on Civic associations, and within broad parameters, associations are permitted to engage in both mutual benefit and public benefit activities. However, an association may not be established for the purposes of: violating the rights of other persons or the laws of the Czech Republic; pursuing military objectives; or interfering with activities reserved to the state. The Law on Civic associations does not regulate entities that pursue political, religious, or income-generating activities or the promotion of professions. These entities and activities are regulated by special laws, including the Code of Commerce and several laws establishing professional chambers. Civic associations are not required to make any initial deposit. They are allowed to engage in business activities. Business activities, however, may not be the main goal of the institution. Up to date this is the least restrictive and, maybe not coincidentally, the most often used legal form in the Czech non-profit sector.³¹

2.3.4.2. *Public benefit corporations*

Public benefit corporations are not-for-profit organizations that have no members and render “generally beneficial services” to the public on previously publicized equal terms and conditions. PBCs were originally created to enable the privatization of state entities providing public benefit services. In practice, however, Public benefit corporations commonly have been used as an alternate legal form for those foundations created before 1998 that could not meet the criteria for establishing a foundation under the new Law on Foundations. Other organizations, including theatres, hospitals, homes for the elderly, drug rehabilitation clinics, as well as other kinds of not-

³¹ Act No. 83/1990 Coll., Law on Civic ssociations. Praha, 1990.

NON-GOVERNMENTAL ORGANIZATIONS

for-profit establishments providing community services, became Public benefit corporations after the enactment of the Law on Public benefit corporations. Institutes, community centres, and entities providing social, educational, and cultural services also often form as Public benefit corporations.

Public benefit corporations may provide their statutory services for fees and engage in economic activities if the income generated augments the use of the organization's assets and human resources without negatively affecting the quality, scope, and availability of the statutory public services provided. Public benefit corporations may not invest in the entrepreneurial activities of other persons. The amended Law on Public benefit corporations allows a Public benefit corporation to establish a legal entity without any further conditions except the approval of the Board of Directors of the Public benefit corporation. Public benefit corporations are exempt from property tax on buildings that serve their purposes and from real estate tax, if the building is used to advance their purposes.³²

2.3.4.3. *Foundations and endowment funds*

Foundations and endowment funds are mostly grant making, asset-based organizations established by legal or natural persons for public benefit purposes. Foundations must maintain an endowment of at least 500,000 Czech Koruna (CZK) (approximately 20,000 €). This endowment requirement does not apply to funds. While the value of a foundation's endowment must be maintained and only its yields used, other assets of the foundation and all assets of a fund (including acquired donations) may be used to pursue statutory purposes, to provide financial support to third persons, and to cover administrative costs. According to a 2010 change to the Law on Foundations, foundations and funds also may use their assets to cover their activities related to the fulfilment of the purpose for which they were established. Although neither form may engage in direct economic activities, both foundations and funds may organize cultural, social, sporting, and educational events, as well as lotteries and public collections, in order to raise funds. Investments of assets that comprise the registered endowment are subject to specific rules limiting the risk of loss. Funds are prohibited from investing in capital markets. Foundations, but not funds, may establish Public Benefit Corporations and hold up to 20% of the shares of joint stock companies. For

³² Act No. 208/2002 Coll., Law on Public benefit corporations. Praha, 2002.

NON-GOVERNMENTAL ORGANIZATIONS

that purpose they may use up to 20% of the total value of their assets after subtracting the value of the registered endowment.³³

2.3.4.4. *Churches and religious communities*

In the Czech Republic churches are not separated from the state that supports them financially. Purpose-specific facilities of churches are ruled by the Act No. 3/2002 Coll. on freedom of faith and the position of churches and religious communities. Act No. 161/1992 Coll., on the registration of churches and religious communities, rules the registration of these institutions. Czech Helsinki Committee (CHC) 2000 argues that the Czech legislation supports the well-established large and influential churches and is directed against new spiritual movements and small religious communities. This is due to the rules for registration that require the submission of 500 signatures for Christian churches that are members of the World Council of Churches and 10000 signatures for others. The rule forces smaller entities to register under the form of citizens' association although they perform religious activities. There, however, exist several religious communities that are not approved by the state but these institutions do not receive state support. Churches and religious communities are allowed to provide education and other social services.

2.3.4.5. *Other*

Act No. 424/1991 Coll. regulates associating in political parties and political movements. Act No. 513/1991 Coll. regulates also corporations and cooperatives that are considered to be business entities but that can be established also for other than business purposes, e.g. private schools. In such case they are considered to be non-profit institutions. Separate acts regulate activities of professional organizations, legal entities such as the Czech Academy of Sciences, the Czech Television, and the State Fund of the Culture in the Czech Republic.

2.3.4.6. *Summary*

Incidentally, the legal form of a Non-Governmental Organizations may of course vary throughout the history of its existence. For example, it can change its legal form from a foundation to a civic association on the grounds that its activities became so widespread that they no longer correspond to the nature of the foundation.

³³ Act No. 210/2002 Coll., Law on Foundations. Praha, 2002.

2.4. Management of Non-Governmental Organizations

The second part of Chapter 2 on Non-Governmental organizations deals with their specifics in terms of management. Let me introduce the topic of NGO's management with a motto: *"Non-Governmental Organizations do not manage their-our own but donated funds which are then used for charitable purposes. Therefore, effective management of resources is even more important in the non-profit sector than in the profit sector."*³⁴

2.4.1. Management in general

We can find dozens of different definitions of the term management in literature. One of the generally accepted definitions of business management is the definition by the management guru Peter Drucker (1909-2005) that reads as follows: *"Organization and coordination of the activities of an enterprise in accordance with certain policies and in achievement of clearly defined objectives. Management is often included as a factor of production along with machines, materials and money."* Managers (directors) have the power and responsibility to make decisions to manage an enterprise when given the authority by the shareholders. As a discipline, management comprises the interlocking functions of formulating corporate policy and organizing, planning, controlling, and directing the firm's resources to achieve the policy's objectives. The size of management can range from one person in a small firm to hundreds or thousands of managers in multinational companies. In large firms the board of directors formulates the policy³⁵ which is implemented by the chief executive officer.³⁶

Management process starts with planning that sets strategy and direction for the organization, followed by organizing which deals with the division of work, assigning resources (financial and material), this also includes human resource management - acquiring of workers and caring for them. While leadership inspires and motivates to the desired level of effort and finally controlling ensure supervision of the final version, or by using feedback adjustment of plans earlier in the process.

³⁴ BACHMANN, P.: *Management neziskové organizace*. 2011.

³⁵ Policy - Usually, a documented set of broad guidelines, formulated after an analysis of all internal and external factors that can affect a firm's objectives, operations, and plans. Formulated by the organization's board of directors, corporate policy lays down the organization's response to known and knowable situations and circumstances. It also determines the formulation and implementation of strategy, and directs and restricts the plans, decisions, and actions of the firm's officers in achievement of its objectives.

³⁶ DRUCKER, P., F.: *The Age of Discontinuity: Guidelines to Our Changing Society*. 1992.

NON-GOVERNMENTAL ORGANIZATIONS

NGOs have a number of specific differences, e.g.: they are usually focused on providing services, or their goal is not making profit for their own enrichment, but helping the target group. For this reason, the definition of management for NGOs we will continue to use in this work will differ from business management definitions. Non-profit management can therefore be defined as **the process of deciding on the best use of limited organizational resources for the provision of such services that will help solving problems of the target group.**

In the non-profit environment, the forefront of an organization enters a factor of responsibility to the public that has donated the money, to the organization's activities, that the money will be used as efficiently as possible, that means that this public commitment underscores even more the need for management in non-profit environment. Unfortunately, the reality is just the opposite. Workers in the non-profit sector often work in it because they have a great desire to help the target group and therefore their professional skills are focused just on the target group and not the management knowledge and skills. Nevertheless, it is necessary to repeat the motto at the beginning of this sub-chapter: *"Non-Governmental Organizations do not manage their-our own but donated funds which are then used for charitable purposes. Therefore, effective management of resources is even more important in the non-profit sector than in the profit sector."*³⁷ NGO Management is significantly influenced by the nature of this fundamental "non-profit" approach.

2.4.2. The manager

Who is the manager? - Manager (also director, executive officer or head of department) is a person who assists other employees in achieving successes by leading and supporting them so that together they achieve the organization's objectives. Some authors justifiably extend this definition and add that the manager is also responsible for the performance of his/her employees and the organization (or organizational unit).³⁸

*"Management functions are essential activities that a manager has to perform effectively to achieve the goals of the organization. The manager must ensure the effective management effectively."*³⁹ That means - to implement effective management and carry out management effectively. Effective management is when the manager has

³⁷ BACHMANN, P.: *Management neziskové organizace*. 2011.

³⁸ ČASTORÁL, Z.: *Základy moderního managementu*. 2009.

³⁹ *ibid.*

NON-GOVERNMENTAL ORGANIZATIONS

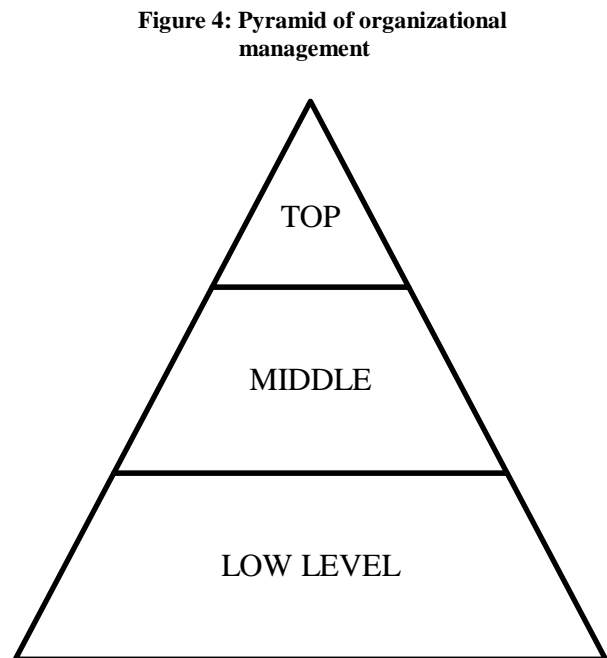
the necessary scientific tools, knowledge and human capital to perform management functions. He must also be able to develop, use and apply them in a creative way. Only then can he manage effectively. The term effective management is linked to the competence, efficiency, planned nature, economy etc. According to the performed managerial functions, individual managers can specialize. It depends on how they can coordinate their activities and knit them together and their ability to work even in an informal team.

Management functions can be classified according to activities such as planning, organizing, human resource management and controlling, or as the phases of analysis decision making and implementation. Types of functions are a succession of basic management tasks and characterize the blocks of activities that belong together methodically and in content, and which always addresses some of the key issues necessary to fulfil the organization's objectives. Phases of functions in turn, create a sequence of management of activities that follow upon each other while ensuring the fulfilment of each type of managerial activities.⁴⁰

2.4.3. Managerial levels

Conventional classification divides corporate managers in three levels (Figure 4). Top Level of Management consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their



⁴⁰ ČASTORÁL, Z.: *Základy moderního managementu*. 2009.

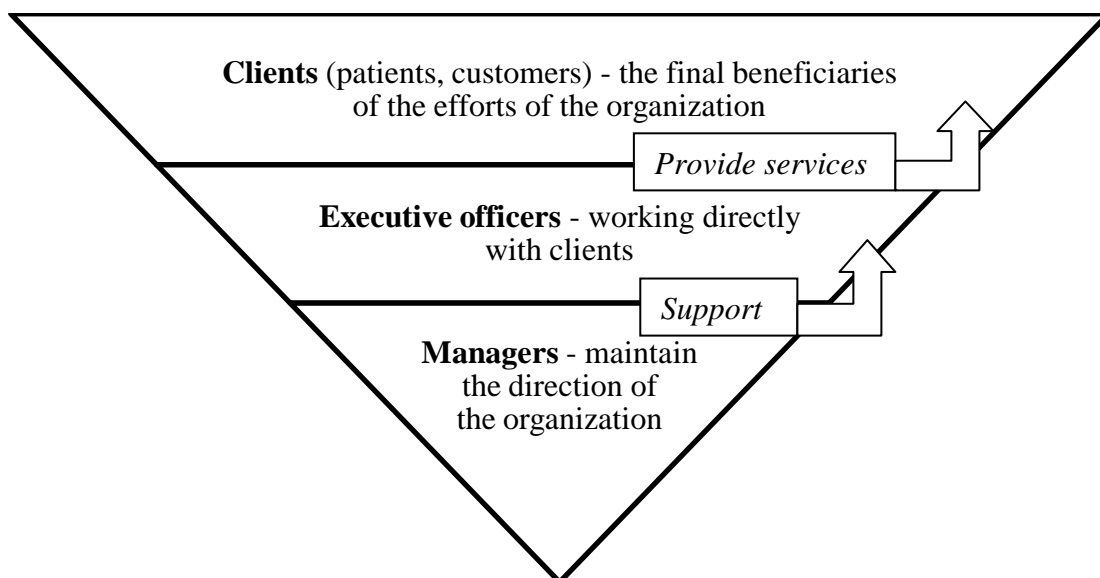
NON-GOVERNMENTAL ORGANIZATIONS

department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management.

Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees. In other words, they are concerned with direction and controlling function of management.

However, in the NGOs we meet rather with the so-called inverted pyramid of organizational management, which emphasizes the principle of support (Figure 5). Managers determine which way the organization is going. And to achieve the desired progress, support work of the executive and operational staff of the organization. It is the operational staff that then transmits to the target group (which may be called differently, usually clients, patients, customers or recipients in general) the overall benefit which was created based on the efforts of the organizations. Here we can also see how the work of all members of the organization is important for the entire organization.⁴¹

Figure 5: Inverted pyramid of organizational management⁴²



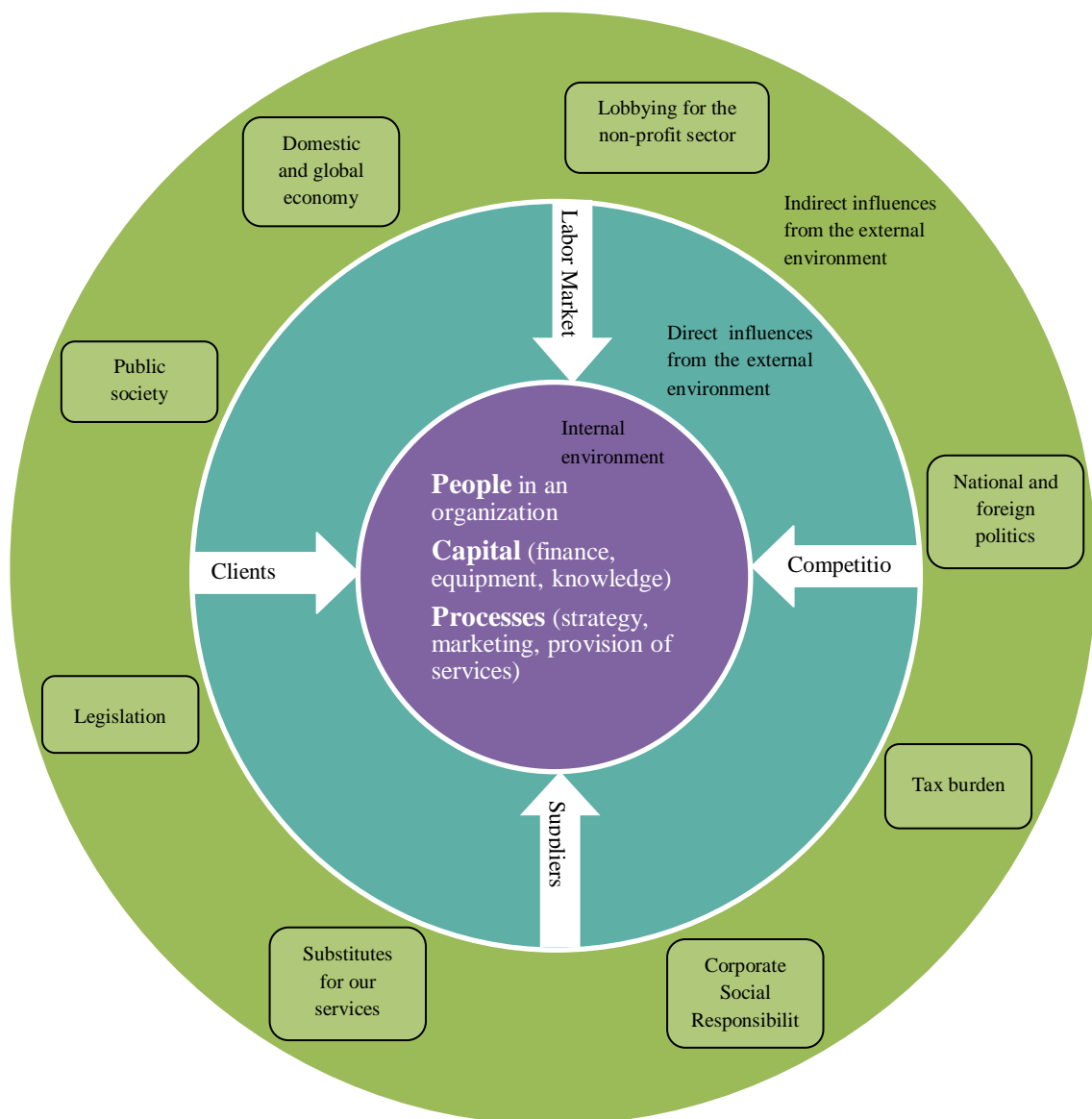
⁴¹ PLAMÍNEK, J. et al. *Řízení neziskových organizací : První český rádce pro pracovníky v občanských sdruženích, nadacích, obecně prospěšných společnostech, školách, církvích a zdravotnických zařízeních*. 1996.

⁴² author

2.4.4. Organizational environment

Each individual, as well as organizations can be found in a particular environment, which affects him / her in a certain way. Processes and activities are taking place within the organization itself (so they are influenced by the internal environment) and towards the organization's surroundings (there they are influenced by the external environment). Internal and external factors affecting the performance of an organization are collectively illustrated in Figure 6.

Figure 6: Organizational environment – internal and external factors⁴³



⁴³ BACHMANN, P.: *Management neziskové organizace*. 2011.

NON-GOVERNMENTAL ORGANIZATIONS

Internal environment is determined by all the activities, processes, policies and resources which are located inside the organization. Character of the internal environment is influenced by the kind of people working in the organization, whether they are employees or volunteers, how are they motivated, guided, controlled. Furthermore, components of organizational capital play another role - how much funds the organization has and how are the processes set up. The most important processes include strategic direction, marketing management or providing services for the target group.

Given that the surroundings of the body (external environment) is currently very often changing, it is necessary to ensure a degree of stability within the organization by setting standards (control of services provided, etc..) and policies (HR, communication etc.), caring for good organizational culture of the organization and leading it systematically to sustainable development.

The organization is definitely an open system, which is given just by providing services for the target group, which in the case public benefit organizations located in their vicinity. This represents the **external environment** that has a direct or indirect impact on our organization. Among the direct impacts belong clients, labour market, competitors and suppliers.

Clients have the largest impact on the functioning of the organization (in the non-profit environment e.g.: patients, participants, visitors, or general audience). The organization adapts to their needs, because the general mission of any NGO is meeting the needs of its target group. If our target group would be for example the disabled, then we would need to adapt the internal environment of the organization. Services would be likely provided not only at the organization's headquarters (which may be difficult to access), but we would head towards the target group in their place of residence or somewhere simple for them to convey, or we would adapt in another way. Employees must be able (have adequate human qualities and qualification) to work with this group.

Important external influence is also labour market and employees who are present at it. It is about whether there are enough workers on the market, from which an organization can choose if necessary and what are their prerequisites for performing work with the target group.

The competition, which is another direct external influence in the non-profit environment, is usually of a different character than in the profitable environment. It does not mean that there is none but at least it seems not to be. NGO usually seeks to

NON-GOVERNMENTAL ORGANIZATIONS

cover the needs of a target group where it is not done by any other organization (can be corporate, public or non-profit), or it is doing in an insufficient way.

In the area of providing services, NGOs rather help (should) each other and competition is not evident here but for example when it comes to fundraising it is obvious a competition. Donors have limited financial means that individual NGOs can compete for.

Finally, the last of the major factors directly influencing the internal environment of the organization are suppliers. For example the supplier of special aids for the target group of disabled persons, or suppliers of other means that the organization uses for its activities (offices, computers, etc.).

In addition to these direct effects, other indirect effects influence the operation of an organization. For example the changing or not changing legislation, the development of domestic and global economy, the level of civil society in the country, substitutes that can replace the services of NGOs, the state and its politics which is often influenced by international politics (e.g.: the European Union strongly supports the development of civil society and thus influences the politics of our country), the tax burden on businesses and NGOs, lobbying for the non-profit sector realized as by for example the Government Council for Non-profit sector as by independent organizations themselves.⁴⁴

2.4.5. Specifics of Non-profit organization's management

Basic characteristics of NGOs that are important from the perspective of management have been formulated in the following ten points⁴⁵:

- 1) The organization is **trying to improve conditions of human life or the man himself**. NGOs product is a changed human being. This fact, obviously, brings a number of problems, such as difficult measurability of NGOs' output, or the fact that the improvement of the conditions of human life can sometimes be in conflict with the wishes of an individual (e.g. when dealing with homelessness).
- 2) **The mission is of fundamental importance**. The unwritten part of public confidence in what the organization does and vice versa organization's

⁴⁴ BACHMANN, P.: *Management neziskové organizace*. 2011

⁴⁵ DRUCKER, P., F.: *Managing the Non-Profit Organization*. 1990.

NON-GOVERNMENTAL ORGANIZATIONS

commitment to the public. Members of the organization are strongly motivated to truly fulfil the mission and vision because they work there or have established the organization by their good will.

- 3) Primary **focus of the organization is to provide services**. Manufacturing products is very rare, for example protected workshops or production for subsequent sale from which the organization obtains funding for its activities. Incidentally, focusing on service production makes the possibility of measuring the performance of the organization even more difficult, as measuring the production quality of services is more difficult than of products. (The first limitation is due to the fact that the organization does not create profit which is a clear indicator of success in business organizations.)
- 4) Due to the civil nature of the organization and a common commitment to the public organization has an **increased need for democracy, cooperation, openness and transparency**. Organizations are aware of these aspects on the basis of an unwritten commitment to society.
- 5) **Donors have an important position in the organization as resources are less available**. Donors are often in the role of long-term consultants or direct members of the organization. They are significant for the organization mainly because the amount of resources is limited.
- 6) **NGOs depend on the private and public sectors**. Although the nature of Non-Governmental Organizations is private (which is one of the conditions an NGO must meet) in fundraising NGOs are dependent on the other sectors.
- 7) **The fundamental importance of volunteers** - many organizations depend directly on volunteer work is. Volunteers help the success of NGOs in many ways, such as: provision of expert knowledge, reducing the importance of employees who are sometimes considered too important to reach the needs of the target group.
- 8) There is a **phenomenon of paid directors / employees responsible to the chairman and the board**. Chairman and members of the board are often volunteers, who in some cases only come to the board meetings. There is a risk of abuse of power by directors or employees paid by the organization.
- 9) Due to the involvement of volunteers, there is a **complex organizational structure**. Consequently, making sense of the responsibilities of employees, members of the organization or its volunteers is often very difficult. For this

NON-GOVERNMENTAL ORGANIZATIONS

reason, there is a clear need for the formulation of job descriptions of staff, including volunteers. In the non-profit sector, the need for clearer objectives is generally greater than in other sectors, e.g.: in order to know exactly what to offer to volunteers and to increase the quality and productivity of volunteer and paid staff.

- 10) **NGOs have a greater need to build partnerships and alliances**, such connections enable maximization of resources and outputs, while reducing redundant activities. Both result in increased benefits to the target group.

2.5. Summary

This theoretical chapter has explained the role of non-profit sector in a national economy and introduced the subject organization type of this work – the Non-Governmental Organization (NGO). The non-profit sector has been further divided into public, private and household sector. Although private non-profit organizations, as opposed to public non-profit organizations, are established by the State and are largely beyond the reach of government, it does not mean that they cannot benefit from state funds for its activities. NGOs have been divided according to areas of activities, missions and legal forms.

The greatest benefit of Non-Governmental Organizations in general is that they are in a position to provide unique and independent perspective on the difficulties of life and are interested in uncovering and pointing out some problems before profit and public sectors can. With regard to NGOs it should be made clear that these are not organizations that do not realize any profit, but organizations where financial gain is not the main motive for their existence. Non-profit organizations are not prohibited, in addition to the main action, which seeks to fulfil the mission, to perform other incidental employment. Profits from these activities must be used to fund major activities of the organization. The aim is to achieve non-profit organizations benefit in the form of a public service.⁴⁶

⁴⁶ STEJSKAL, J.: *Ekonomika neziskové organizace*. 2010.

3. NON-GOVERNMENTAL ORGANIZATIONS – EMPIRICAL STUDIES

The third chapter starts with a generic Strengths and Weaknesses analysis of non-profit sector in the Czech Republic by the Government Council for Non-Governmental organizations from 2008 to help explain the situation of Non-Governmental organizations and identify their challenges.

Subsequently, the four investigated Non-Governmental organizations are introduced and findings from the empirical studies are presented. Maturity assessment questionnaires - for purposes of this master thesis, the full ISO 9004:2009 Self Assessment Matrix⁴⁷ tool was adopted into a form of an online questionnaire and a spider web diagram is used to demonstrate the results of each NGO. Semi-structured interviews were prepared in response to the current level of maturity of the Non-Governmental Organization with the intention to reach hidden knowledge regarding the management and achieved levels of maturity and a SWOT analysis was based on the responses and data made available by the Non-Governmental organizations. For each investigated organization, comprehensive graphs and tables have been completed in order to address and answer to most of the research questions posed in chapter 1. Comprehensive summary and answer to the research hypotheses are elaborated at the final chapter 5.

3.1. SWOT analysis of the Czech non-profit sector

Nature of the Czech non-profit sector was outlined in the previous chapter; of course to a large extent it reflects the level of Czech civil society. The non-profit sector is kind of a mirror of the extent to which our society is engaged and the extent to which it can promote its own interests in view of the other two sectors - private and state. Although a number of things can still be improved in the domestic non-profit sector, long-term existence of that Government Council for Non-Governmental Organizations can be considered as crucial for their development. In 2008, this Council also compiled the Strengths and Weaknesses of the Czech non-profit sector, which are listed in the following Table 4.

⁴⁷ ISO 2004. *Quality management systems – Guidelines for performance improvements*.2009.

Table 4: Strengths and Weaknesses of the Czech non-profit sector⁴⁸

Area	Strengths	Weaknesses
Legal environment	<ul style="list-style-type: none"> ▪ basic legal forms exist ▪ diversity of legal forms ▪ relatively easy establishment of a civic association ▪ 	<ul style="list-style-type: none"> ▪ lack of definition of public and mutual benefit ▪ support the non-profit sector is not legally embedded ▪ laws on civic associations and public collections are inconvenient
Financial resources	<ul style="list-style-type: none"> ▪ long-term cooperation with public administration, in providing services ▪ NGOs are already aware of multiple source financing ▪ electronic banking, donor SMS and PaySec ▪ tax relief for donors 	<ul style="list-style-type: none"> ▪ outdated subsidy system of resorts (non-conceptual and non-transparency) ▪ late advance payments in financing projects ▪ bureaucratic operational programs (complexity and formalism) ▪ not conceptual decentralization of resources (center - region) ▪ low tax relief for donors
Human resources	<ul style="list-style-type: none"> ▪ European resources have enabled capacity building in NGOs ▪ information about calls and grants ▪ existence of strong and active NGOs ▪ involvement in transnational networks 	<ul style="list-style-type: none"> ▪ EU rules unfamiliarity with, ignorance staff operational programs ▪ NGOs running with poor professionalism resulting in low credibility ▪ low negotiation skills and interpersonal communication ▪ high staff turnover ▪ not using management and marketing knowledge ▪ lack of professional literature
Development of NGOs	<ul style="list-style-type: none"> ▪ self-regulatory mechanisms (issuing annual reports, audits) ▪ improving networking and pooling ▪ improving statistical monitoring 	<ul style="list-style-type: none"> ▪ inadequate monitoring and evaluation of the contribution of NGOs from the state ▪ still insufficient transparency (lack of support for transparency) ▪ lack of organization of the non-profit sector (not consensus among the representatives of the sector, the inability to do lobbying effectively)
Relationship of NGOs and the State	<ul style="list-style-type: none"> ▪ partnership experience in developing strategic documents ▪ partnerships within the Local Action Groups (Iniciativity Leaders) ▪ creating linkages (linking) 	<ul style="list-style-type: none"> ▪ public administration does not take NGOs as equal partner ▪ public administration tends to favour easygoing NGOs ▪ public administration lacks interest in the views of experts from NGOs ▪ lack of a legal definition of partnership

⁴⁸ /online/ Shortened and modified by the author from GOVERNMENT COUNCIL FOR NON-GOVERNMENTAL ORGANIZATIONS: *SWOT analysis of the current state of the nonprofit sector in the Czech Republic*. 2008.

3.2. **OLLOVE o.s.****Table 5: Basic information on OLLOVE o.s.**⁴⁹

Name	ALLOVE o.s. / OLLOVE o.s.
About (Reasons for the establishment)	OLLOVE was established to organize cultural and social events leading to an open, tolerant, gender and sexually diverse, society.
Active since	August 2012
Legal form	Civic association
Mission Vision Objectives	The main objective of civic association OLLOVE is to organize cultural and social events actively promote public awareness and education towards an open, tolerant, gender and sexually diverse society.
Activities	The intention of the association is to perform the following activities: <ul style="list-style-type: none"> a. organizing cultural and educational events and thereby seek to increase public awareness of LGBTQ subcultures and gender identities, and other dissenting members / members of the company, b. to organize cultural and social events aimed at promoting and understanding between people of different sexual orientations and genders, to spread awareness of different sexual orientations and other identities, including publishing and promoting publications and their distribution, c. facilitate the process of dealing with their own sexual orientation and identity, and thus reduce the risk of developing prevention of socially pathological phenomena such as suicide, drug addiction and alcoholism young people d. to conduct scholarly research in the above areas, e. in the above areas, together with Czech and foreign academia, primarily with the Palacky University in Olomouc, f. to focus on the non-commercial, alternative, independent projects and events g. cooperate with like-minded associations and institutions in the Czech Republic and abroad
Target group(s)	General public
Principles / Policy	Defined as internal guidelines and statutes
Organizational structure	Board (3 members) Chairman and Deputy Chairman (2 statutory representatives) Auditing Committee (2 members)
Web pages	http://www.facebook.com/pages/OLLOVE-os/460921523927615
Contact person	Jan Kolomazník ml. – jan.kolomaznik@ollove.cz
Position	deputy chairman - statutory representative
Motivation for working for this NGO	<i>“My main motivation to work for the civil association OLLOVE is that it aims to eliminate barriers in perception of sexual minorities in society. Even today, people with different sexual orientation are still linked to certain</i>

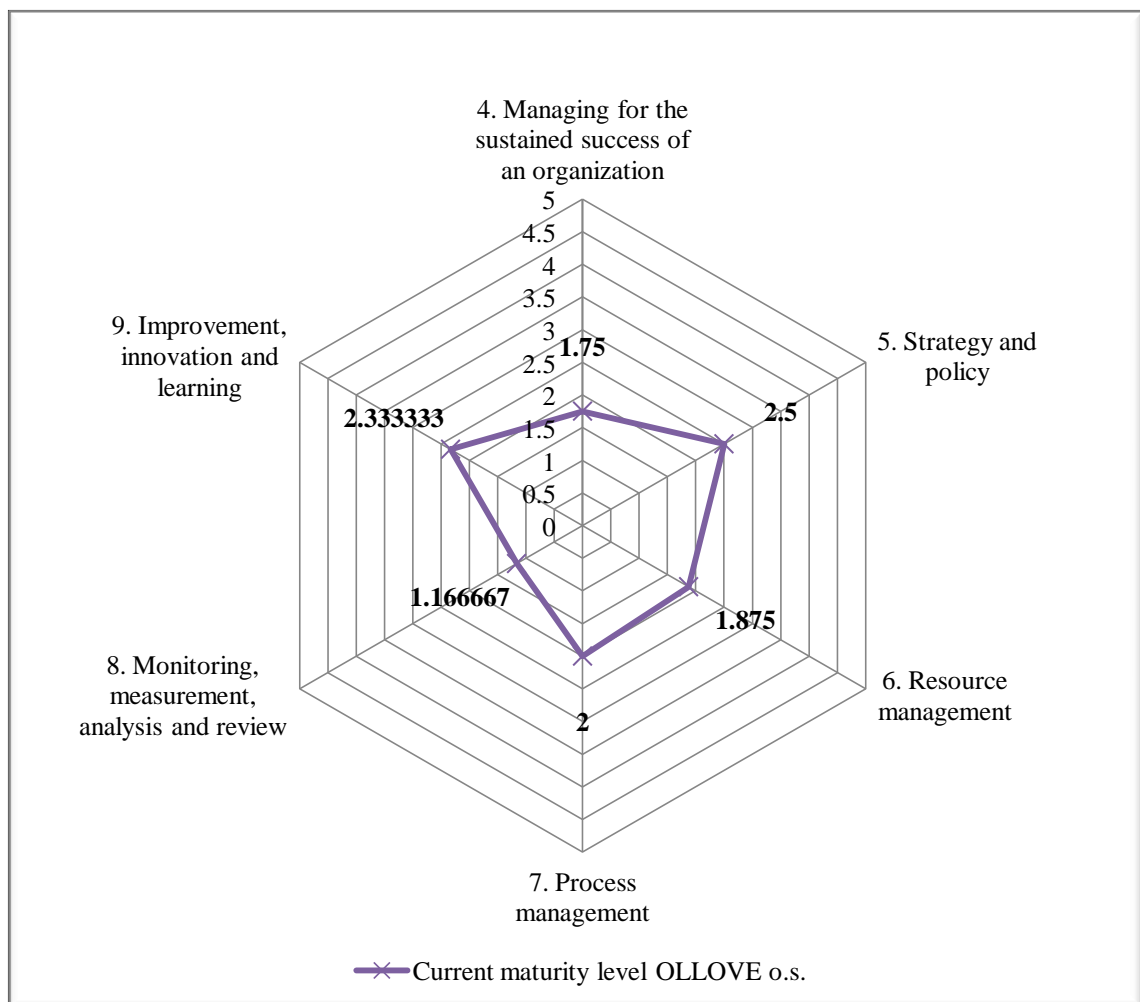
⁴⁹ Adapted from OLLOVE o.s. materials and the interview with Jan Kolomazník (audio record in mp3 format in the authors archive).

	<i>social stigma, labels and prejudices. This is the reason why I put my time and your energy into the activities of the association that aims to educate, encourage and open eyes. Czech society is changing. People are beginning to move from tolerance to mutual respect for differences. I am very glad for this change and that I can actively participate.”</i>
What does “quality” mean to you?	<i>“Quality over quantity - means that a better product or service is more important than the amount of that product available.”</i>

3.2.1. **OLLOVE o.s. - Maturity level**

The following diagram demonstrates the current maturity level at OLLOVE o.s.; a civic association founded 3 months ago. Its average maturity is 1.93 which can be considered a high level given the time it has been active for. As I have found during the interview, this is due to the volunteers who already have various experiences from managing NGOs a non-profit projects.

Figure 7: OLLOVE o.s. - Maturity level



The lowest levels of maturity in Monitoring, measurement, analysis and review and Managing for the sustained success of the organization are given by the time

OLLOVE o.s. has been active. There have been so far only two major cultural events organized by OLLOVE o.s. and it is still in the process of reaching for all potential beneficiaries.

The highest levels in Strategy and policy and Improvement, innovation and learning are achieved by the combination of more experienced volunteers and new volunteers bringing in new resources, ideas, solutions and knowledge.

3.2.2. OLLOVE o.s. – SWOT analysis

Findings from the explorative study by interview has been summarized in the form of SWOT analysis:

<p>Strengths</p> <ul style="list-style-type: none"> ▪ experienced organizers and new volunteers ▪ large member base ▪ broad network of contacts ▪ experience with funding from the EU 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ newly established ▪ unknown by sponsors ▪ high competition in cultural program in Olomouc
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ inactivity of local organizations with similar target groups ▪ orientation in grant opportunities ▪ many ideas and active members 	<p>Threats</p> <ul style="list-style-type: none"> ▪ losing the sponsors ▪ disagreements among members ▪ risk of high turnover of volunteers

3.2.3. OLLOVE o.s. – Summary

Being a relatively newly established Non-Governmental Organization, OLLOVE o.s. has so far dealt with one major *problem of finding financial resources*, and is constantly dealing with the *challenge of members free time non-correspondence* – it is almost impossible to find one afternoon during the week, when all members can come to meet at one place at a certain time. Therefore, meetings are held as in person as online (e.g. via Skype or Facebook) and voting “per rollam⁵⁰” has been incorporated into the statutes of OLLOVE o.s.

⁵⁰ per rollam is a way of distance voting e.g. by letter or email

3.3. Jidlopis o.s.

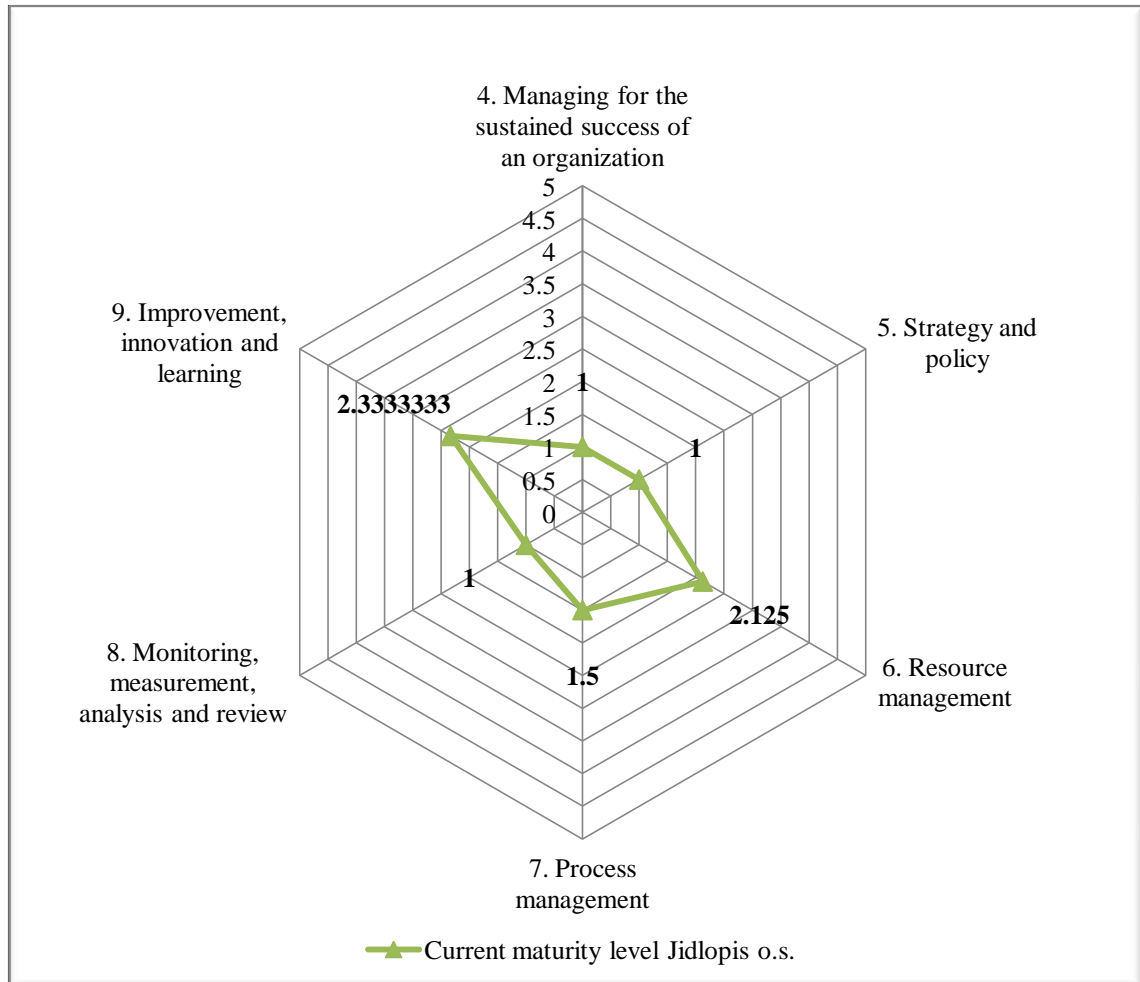
Table 6: Basic information on Jidlopis o.s.⁵¹

Name	Jidlopis o.s.
About (Reasons for the establishment)	Young, fresh and creative civic association based in Czech Republic. Their matter is map out culinary traditions and culture of specific regions around the world through realizing an expeditions.
Active since	May 2012
Legal form	Civic association
Mission Vision Objectives	The main objective of civic association Jidlopis is to support and propagate sustainable travel by using alternative, sustainable methods of travelling as is camping, visiting farms - wwoofing, hitch-hiking, couchsurfing which all will be shown through multimedia platform. The aim of organization is also making doc movies during the travelling to show more about their activities.
Activities	The intention of the association is to perform the following activities: h. organizing public talks, exhibitions and screenings, i. organizing workshops, j. providing info service for free to everybody who is interested in, k. provide educational events and thereby seek to increase public awareness, l. to organize cultural and social events aimed at promoting and understanding sustainable travel, m. publishing and distribution of promoting publications, n. to focus on the non-commercial, alternative, independent projects and events, arrange hitch-hikers' forum, where everybody can post for free his questions, advices, tips: exchange of sustainable travelling.
Target group(s)	General public
Principles / Policy	Defined as internal guidelines and statutes
Organizational structure	Board Association Chairman Expedition Team (2 members)
Web pages	http://www.jidlopis.com/
Contact person	Lenka Blahová – lenka.blahova@jidlopis.com
Position	Association Chairman (Director) Statutory representative
Motivation for working for this NGO	<i>“I wanted to do something enjoyable for a change and at the same time something that could help people, create an added value for the society.”</i>
What does “quality” mean to you?	<i>“From me it means that the money is worth whatever it is spent on and I can have confidence in the product/service that meets all customer requirements.”</i>

⁵¹ Adapted from Jidlopis o.s. materials and the interview with Lenka Blahova (audio record in mp3 format in the authors archive).

3.3.1. Jidlopis o.s. - Maturity level

Figure 8: Jidlopis o.s. - Maturity level



We can see a similar level of maturity with the previous NGO, OLLOVE o.s., in the area of Improvement, innovation and learning which is again given by the staff running the organization. Jidlopis o.s. has been established by experienced NGO volunteers who sought to create a platform enabling them to support their free time activities and sharing experiences from travelling abroad. The statutory representative of Jidlopis o.s., Lena Blanova, is an experienced fundraiser which shows in the Resource management.

The low level of maturity in all other areas is a result of so far non-existent strategy for implementation of formulated visions. Thus, processes are currently managed ad hoc as are most of the NOG's activities.

3.3.2. Jidlopis o.s. – SWOT analysis

Findings from the explorative study by interview have been summarized in the form of SWOT analysis:

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ efficient fundraising ▪ media partners network ▪ wide network of contacts 	<ul style="list-style-type: none"> ▪ decision making based on consensus ▪ lack of internal structure ▪ ad hoc activities execution ▪ detailed concept and strategy are missing ▪ members are fully engaged at work and do not have much time for the NGO
Opportunities	Threats
<ul style="list-style-type: none"> ▪ no direct competitors identified ▪ self-motivation and enthusiasm ▪ big potential in case systematic approach is applied 	<ul style="list-style-type: none"> ▪ breaking apart of the core members ▪ disagreements on the future mission/vision of the NGO

3.3.3. Jidlopis o.s. – Summary

On one hand, Jidlopis o.s. seems to have a very interesting mission in bringing cultures closer together and supporting ecological and sustainable travelling by case studies and presentations. It also has a very interesting network of media partners and connections in political parties, e.g. Jidlopis o.s. has organized one event together with the Green party of the Czech Republic. Raising money does not seem to be a problem for this NGO and has no direct competitors in its area of activities. But on the other hand, the internal structure has totally collapsed after all the founding members have left Olomouc and now cannot get together and function as one organization so easily.

The problems identified at Jidlopis o.s. are in these areas: *process management, decision making, assigning competences, internal structure, strategic plans formulation and inefficient communication*. The main challenge identified is *ensuring sustainability without current staff*.

3.4. **Zeměkoule o.s.****Table 7: Basic information on Zeměkoule o.s.**⁵²

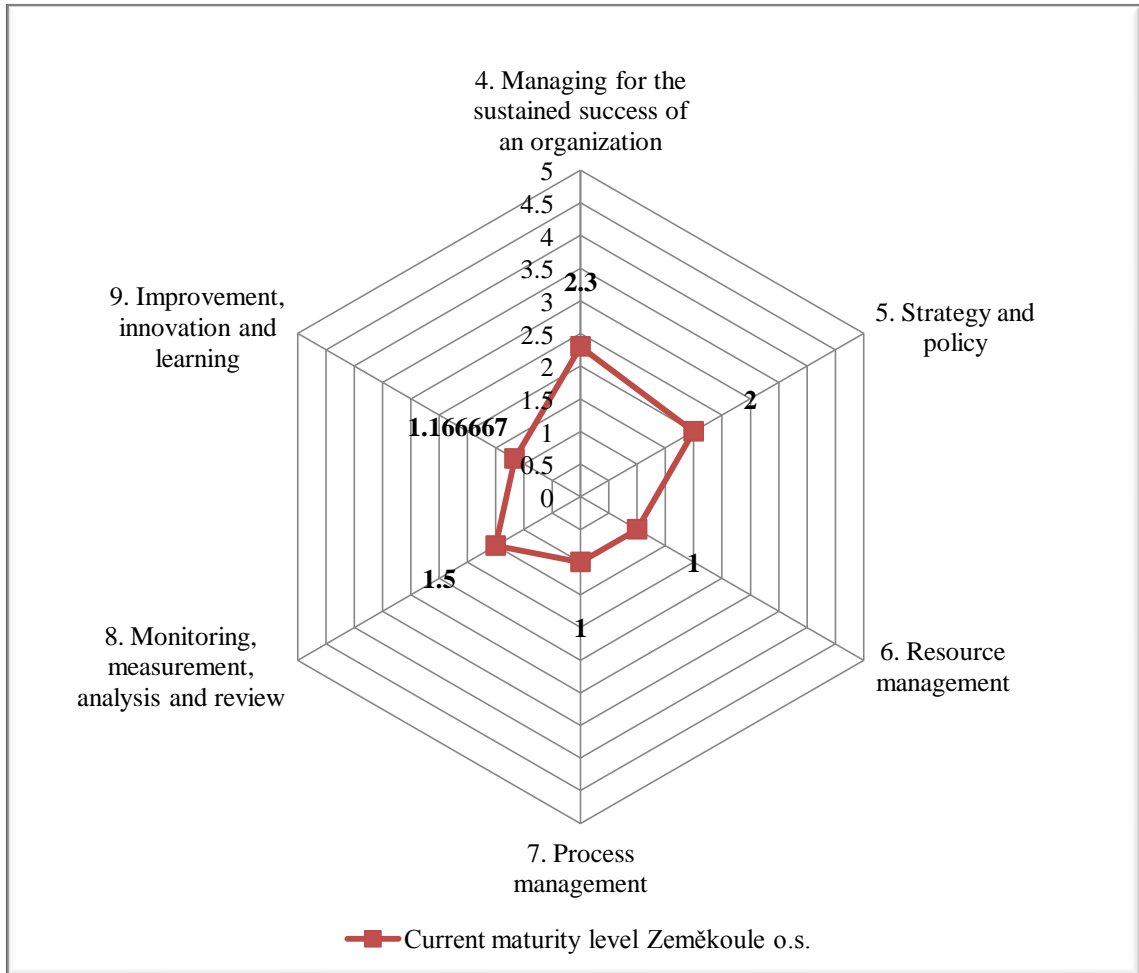
Name	Zeměkoule (The Globe) o.s.
About (Reasons for the establishment)	The Globe is an organization founded by young people for young people. It's a platform for the implementation and promotion of selected EU programs aimed at youth work.
Active since	2008
Legal form	Civic association
Mission Vision Objectives	The current mission of the organization is to promote voluntary activities, healthy lifestyles, strengthening pro-social norms of behaviour in society, and the promotion of such traits that lead individuals to self-reliance, responsibility and active way of problem solving.
Activities	The intention of the association is to perform the following activities: <ul style="list-style-type: none"> a. active work with children and young people, b. participation on the programmes of European Union which focus on target group, c. information arrangement about possibilities of relevant programmes of European Union, d. creating conditions for active participation of target group on functioning of the organization and their activities, e. consulting and educational activities for public, f. mediation of the participation in programmes for individuals as well as groups, g. organizing seminars, lectures, conferences, h. to publish leaflets and publications.
Target group(s)	Mainly young people (in age from 12 to 30 years)
Principles / Policy	Defined as internal guidelines and statutes
Organizational structure	Board Auditing Committee Director of organization Financial Manager Project Coordinator
Web pages	http://www.theglobe.cz/
Contact person	Martina Horníčková - martina.hornickova@seznam.cz
Position	Project Coordinator
Motivation for working for this NGO	<i>“My motivation is development of my competences, management of volunteers and the organization, project writing as well as implementation, “self-realization”. I also want to help the target groups to have an opportunity to execute their own ideas and try / have life experiences for implementations of their projects. We can ourselves attend workshops offered by our organization which allows us development on a personal level.”</i>

⁵² Adapted from Zeměkoule o.s. materials and the interview with Martina Horníčková (audio record in mp3 format in the authors archive).

<p>What does “quality” mean to you?</p>	<p><i>“Provision of quality services, everything runs as it should.”</i></p>
---	--

3.4.1. **Zeměkoule o.s. - Maturity level**

Figure 9: Zeměkoule o.s. - Maturity level



Process management and Resources management are absolutely neglected in Zeměkoule o.s. as confirmed by the interview. Resources for the operational costs of the NGO are gained from projects it is executing, 0more specifically from the project budget’s overhead costs that are intended for covering of such costs. Limited resources set limits for the organizations activities.

By focusing on systematically improvement of performance and satisfying the needs of the target group and certain stakeholders, Zeměkoule has achieved an overall highest level in Management of the sustained success.

Members of Zeměkoule o.s., its volunteers or members of the target group participating in any of the activities provided (voluntary work abroad; workshops;

courses etc.) all have to submit reports that are used as a form of monitoring and feedback gathering for the future improvement of provided services.

3.4.2. **Zeměkoule o.s. – SWOT analysis**

Findings from the explorative study by interview have been summarized in the form of SWOT analysis:

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ student enthusiasm and energy for new projects ▪ experienced project writers (know-how) ▪ good relations with external partners ▪ in daily contact with the target group ▪ worldwide network of contacts 	<ul style="list-style-type: none"> ▪ volunteers fluctuation (students) ▪ no sponsors ▪ inefficient organizational structure ▪ slow reaction time to calls and proposals
Opportunities	Threats
<ul style="list-style-type: none"> ▪ locally non present competitors ▪ connected with potential partner organizations all around the world 	<ul style="list-style-type: none"> ▪ more efficient national competitors ▪ risk of high turnover of volunteers ▪ risk of losing key employees

3.4.3. **Zeměkoule o.s. - Summary**

The field of activities is not closed, however, most projects are oriented to social work at partner organisations throughout Europe and Balkan. Zeměkoule o.s. has during its activity created a wide network of many partner and potential partner organizations all around the world that can be considered an opportunity for future projects development. It has an equally large network within the Czech Republic and in particular in Olomouc (e.g. of partners: AGHO, Charity Olomouc, People in need o.s., Tajtrlík o.s., etc.).

At the moment, all activities and projects are managed by one person, Martina Horníčková (Project Coordinator) who has helped me identify the following problems and challenges in Zeměkoule o.s. Problems and challenges identified: ***lack of organisation in general, zero competences distribution, process management, ad hoc communication and difficult access to finances*** due to the busyness of the NGO's financial manager which makes it difficult to react quickly. The same applies to the statutory representative, who needs to be signed on most of official documents Martina Hornickova needs to complete her job.

3.5. Charita Olomouc – Charity Olomouc

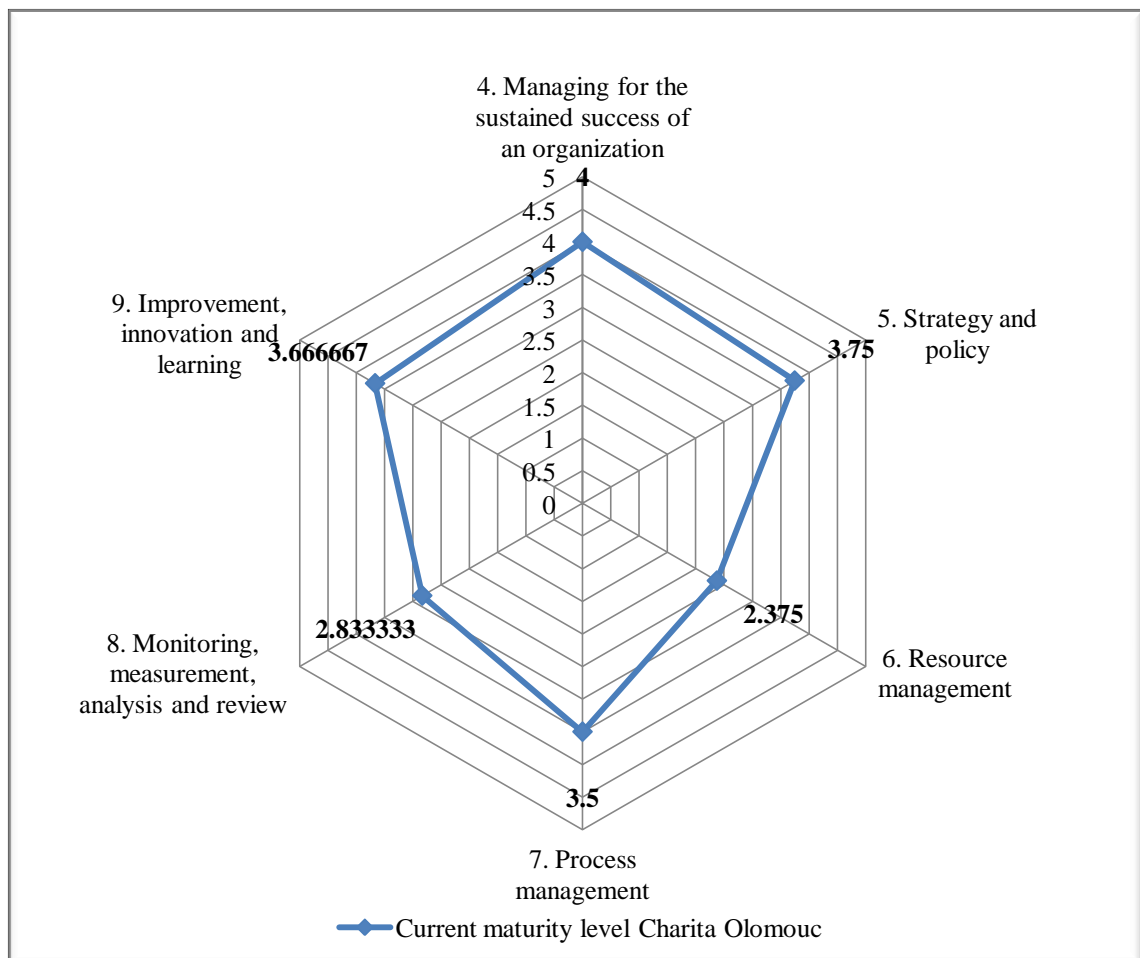
Table 8: Basic information on Charita Olomouc⁵³

Name	Charita Olomouc (Charity Olomouc)
About (Reasons for the establishment)	From the beginning of the church are charitable activities essential components. Their activities are trying to do for all, since its mission is universal. Basics are gained/drawn on the example of Christ and of their traditions.
Active since	1992
Legal form	Non-profit church institution, part of the Roman Catholic Church
Mission Vision Objectives	<p>Olomouc Charity responds to the needs of people in need of service in the spirit of Christian love, which protects dignity of each person.</p> <ul style="list-style-type: none"> • We would like to be popular organization with the moral credentials providing quality service that offers their users a complete support and care in the spirit of Christian love that respects the dignity of every human being. • We would like to warn and actively and flexibly respond to social problems which aren't adequately solved by society. • We would like to give our employees the space for meaningful activities, and provide human and material facilities for work, self-fulfilment and their own professional development. • We would like to have enough volunteers who will complement the work of professional employees and to deliver professional services based on our mission. • We would like to be perceived by our partners as stable, communicating and trustworthy organization that planned and systematically manages its activities. • We would like to achieve a system of multi-source funding of our organization, including intensive strengthening of own resources. <p>We would like to link our activities with the daily life of parishes.</p>
Activities	<p>The intention of the association is to perform the following activities:</p> <ol style="list-style-type: none"> a. Samaritán Centre for homeless people, b. Khamoro Centre for ethnic minorities and counselling, c. Sv. Alžběta Centre for people with physical disabilities, d. Sv. Vincenc Centre for people with mental illness, e. Sv. Kryštof Centre for crisis intervention, f. Organizing of fund-raising campaign - proceeds from the sale goes to the target groups, g. Cooperation with volunteers
Target group(s)	<p>The poor and vulnerable. All who need help, regardless of skin colour, nationality or religion. It helps the poor, the abandoned, the sick, the elderly, physically, mentally, emotionally or physically handicapped, the homeless, migrants and refugees,</p>

⁵³ Adapted from Charity Olomouc materials and the interview with Ludmila Gottwaldová.

	mothers in distress, abandoned and abused children, drug addicts, alcoholics, prostitutes, prisoners, oppressed minorities, people affected by disasters, war and everyone who happen to be in any distress.
Principles / Policy	Defined as internal guidelines, statutes and ethical codex
Organizational structure	Board Chairman and Deputy Chairman Auditing Committee Charity Olomouc Council
Web pages	http://www.olomouc.charita.cz
Contact person	Ludmila Gottwaldová, DiS. – ludmila.gottwaldova@olomouc.charita.cz
Position	Deputy Chairman - Director
Motivation for working for this NGO	<i>“I basically wanted to help people and I found an inspiration in the non-profit sector. I like to work with people whom I consider to be the most valuable assets of any organization or society. Working here gives my life a purpose.”</i>
What does “quality” mean to you?	- Professionalism, expertise, humanity - Professional work not only standard - Exposure of a personal, passion for the cause - I know my limits and I can define the

3.5.1. **Charity Olomouc - Maturity level**



Management of the sustained success, Improvement, innovation and learning, Strategy and Policy, Process management, all seem to be on a very high level already and as well as the overall maturity exceeding level 3 suggest a very well organized and managed institution. However, as I have found out and have to conclude, this high maturity is a result of 12 years of continuous work of one person, the Deputy Chairman Ludmila Gottwaldová, who has dedicated twelve years of hard work to bringing up the standards, processes and quality to provided services by Charita Olomouc. She has introduced strategic planning at Charita Olomouc three years ago and has been improving and innovating processes at all levels of the organization.

The only exception seems to be the Resource management which is according to the Deputy Chairman, Ludmila Gottwaldová, given by the uneasy task of find long term financial resources for the non-profit sector.

3.5.2. Charity Olomouc - SWOT analysis

Findings from the explorative study by interview have been summarized in the form of SWOT analysis:

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ tradition, stable Christian values ▪ cooperation with city of Olomouc and other public institutions ▪ strategic planning ▪ stable donators and partners ▪ well trained staff ▪ many volunteers applying for jobs 	<ul style="list-style-type: none"> ▪ long-term financing ▪ legislation limitations ▪ very broad range of provided services ▪ slow reaction to urgent needs
Opportunities	Threats
<ul style="list-style-type: none"> ▪ return of investment in people 	<ul style="list-style-type: none"> ▪ loosing donators ▪ reactions of the public

3.5.3. Charity Olomouc – Summary

Problems and challenges of Charita Olomouc are directly linked to its weaknesses and all three are interlinked: *legislation limitations with long-term financing and unpredictable reaction of the public in case of an unconventional service or activity.*

3.6. Summary and answers to the first three hypothesis

At the end of this chapter, all findings are summarised in a SWOT analysis and an average level of maturity chart for the investigated NGOs.

This SWOT analysis combines findings from all four NGOs. When compared to the Strengths and Weaknesses analysis by the Council for Non-Governmental Organizations, this SWOT analysis still very much confirms its findings in 2008.

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ efficient fundraising ▪ media partners network ▪ experienced organizers and new volunteers ▪ large member base ▪ experienced project writers (know-how) ▪ experience with funding from the EU ▪ student enthusiasm and energy for new projects ▪ good relations with external partners ▪ in daily contact with the target group ▪ worldwide network of contacts ▪ in daily contact with the target group 	<ul style="list-style-type: none"> ▪ newly established ▪ to be unknown by sponsors ▪ decision making based on consensus ▪ lack of internal structure ▪ inefficient organizational structure ▪ ad hoc activities execution ▪ detailed concept and strategy are missing ▪ volunteers fluctuation (students) ▪ slow reaction time to calls and proposals ▪ difficult long-term financing ▪ legislation limitations ▪ slow reaction to urgent needs ▪ members are fully engaged at work and do not have much time for the NGO
Opportunities	Threats
<ul style="list-style-type: none"> ▪ inactivity of local organizations with similar target groups ▪ orientation in grant opportunities ▪ new ideas and active members ▪ no direct competitors identified ▪ self-motivation and enthusiasm ▪ big potential in case systematic management is applied ▪ return of investment in people 	<ul style="list-style-type: none"> ▪ risk of losing sponsors / donators ▪ high competition ▪ risk of high turnover of volunteers ▪ breaking apart of the core members ▪ disagreements of members on the future mission/vision of the NGO ▪ more efficient national competitors ▪ risk of high turnover of volunteers ▪ risk of losing key employees ▪ reactions of the public

When compared to the three younger organizations, Charita Olomouc uses clearly a much more advanced system of management, as the following charts demonstrate (Figure 10, 11).

Figure 10: Comparing maturity level of the four investigated Non-Governmental Organizations

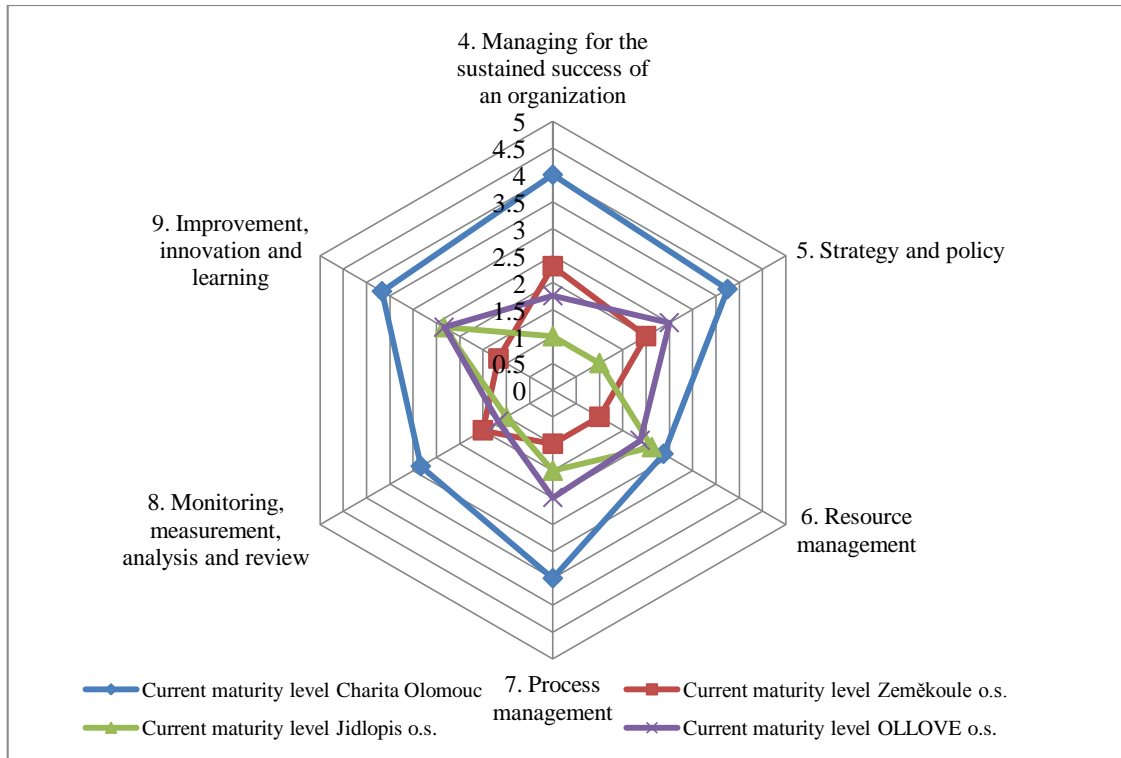
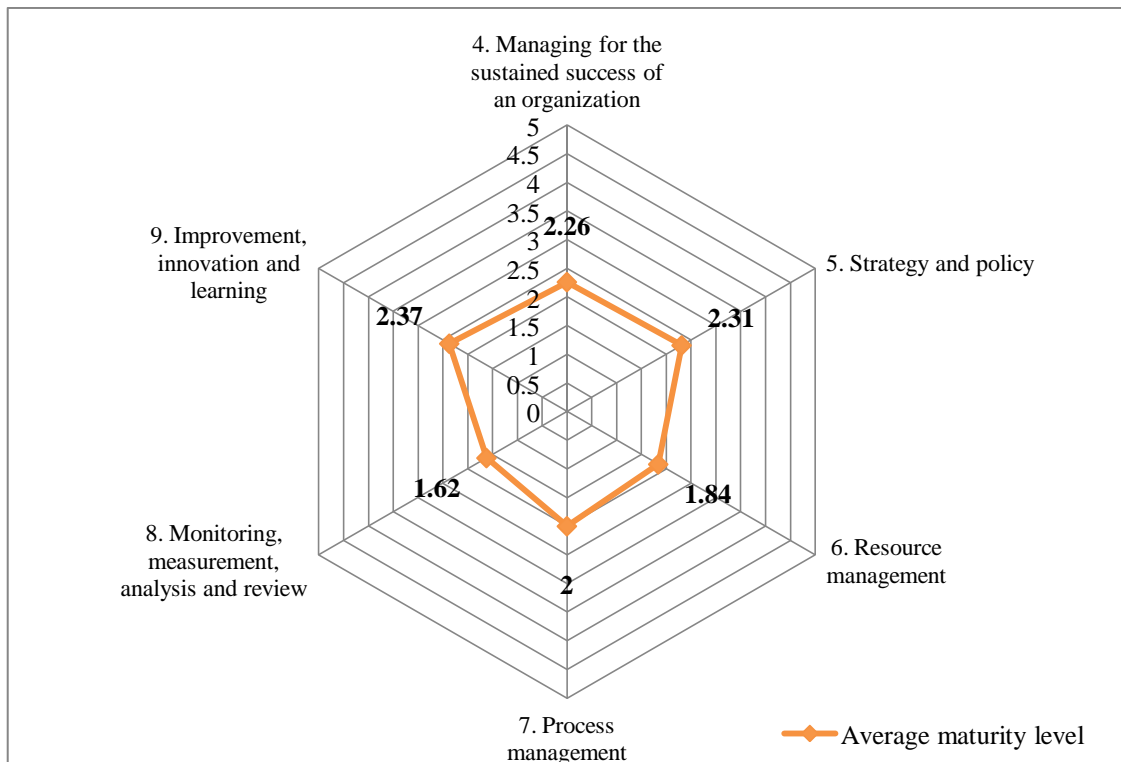


Figure 11: The average maturity level of all four investigated Non-Governmental Organizations



4. FINDING SOLUTIONS TO PROBLEMS WITH THE IMPLEMENTATION OF QUALITY MANAGEMENT PRINCIPLES

Hypothesis 4: By implementation of specific Quality Management principles, a Non-Governmental Organization can improve performance, sustainability, problem solving and prevention of problems and challenges.

This chapter theoretically applies ISO 9000 principles to the problems / challenges of Non-Governmental Organizations identified in the previous chapter:

- × *organizational structure,*
- × *lack of organisation in general,*
- × *process management,*
- × *decision making,*
- × *competences distribution,*
- × *strategic plans formulation,*
- × *inefficient communication,*
- × *ensuring sustainability without current personal,*
- × *difficult access to organization's finances,*
- × *problem of finding financial resources,*
- × *long-term financing,*
- × *Legislation limitations.*

4.1. Principle 1 - Customer-Focused Organisation

"Organisations depend on their customers and therefore should understand current and future customer needs, meet customer requirements and strive to exceed customer expectations".⁵⁴

Applying the principle of customer-focused organisation leads to the following actions: understanding the whole range of customer needs and expectations for products, delivery, price, dependability, etc., ensuring a balanced approach among customers and other stakeholders (owners, people, suppliers, local communities and society at large) needs and expectations, communicating these needs and expectations throughout the organisation,

⁵⁴ ZAJÍC, J., VESELÝ, J. *Komentář k vydání ČSN EN ISO 9001:2001 Systémy management kvality*. 2005.

FINDING SOLUTIONS TO PROBLEMS WITH THE IMPLEMENTATION OF QUALITY MANAGEMENT PRINCIPLES

measuring customer satisfaction and acting on results, and managing customer relationships.

Beneficial applications of this principle include:

- ✓ **for policy and strategy formulation**, making customer needs and the needs of other stakeholders understood throughout the organisation;
- ✓ **for goal and target setting**, ensuring that relevant goals and targets are directly linked to customer needs and expectations;
- ✓ **for operational management**, improving the performance of the organisation to meet customer needs;
- ✓ **for human resources management**, ensuring the people has the knowledge and skills required to satisfy the organisation's customers.⁵⁵

Principle 1 could help with *strategic plans formulation* and with solving the problem of *lack of organisation in general*.

4.2. Principle 2 - Leadership

*"Leaders establish unity of purpose and direction of the organisation. They should create and maintain the internal environment in which people can become fully involved in achieving the organisation's objectives."*⁵⁶

Applying the principle of leadership leads to the following actions: being proactive and leading by example, understanding and responding to changes in the external environment, considering the needs of all stakeholders including customers, owners, people, suppliers, local communities and society at large, establishing a clear vision of the organisation's future, establishing shared values and ethical role models at all levels of the organisation, building trust and eliminating fear, providing people with the required resources and freedom to act with responsibility and accountability, inspiring, encouraging and recognizing people's contributions, promoting open and honest communication, educating, training and coaching people, setting challenging goals and targets, and implementing strategy to achieve these goals and targets.

Beneficial applications of this principle include:

- ✓ **for policy and strategy formulation**, establishing and communicating a clear vision of the organisation's

⁵⁵ ISO 2004. *Quality management systems – Guidelines for performance improvements*. 2009.

⁵⁶ ZAJÍC, J., VESELÝ, J. *Komentář k vydání ČSN EN ISO 9001:2001 Systémy management kvality*. 2005.

FINDING SOLUTIONS TO PROBLEMS WITH THE IMPLEMENTATION OF QUALITY MANAGEMENT PRINCIPLES

- ✓ **future;**
- ✓ **for goal and target setting**, translating the vision of the organisation into measurable goals and targets;
- ✓ **for operational management**, empowered and involved people achieve the organisation's objectives;
- ✓ **for human resource management**, having an empowered, motivated, well informed and stable workforce.⁵⁷

Principle 2 could help with *strategic plans formulation, competences distribution* and with solving the problem of *inefficient communication*.

4.3. Principle 3 - Involvement of People

*"People at all levels are the essence of an organisation and their full involvement enables their abilities to be used for the organisation's benefit"*⁵⁸.

Applying the principle of involvement of people leads to the following actions by the people: accepting ownership and responsibility to solve problems, actively seeking opportunities to make improvements, actively seeking opportunities to enhance their competencies, knowledge and experience, freely sharing knowledge and experience in teams and groups, focusing on the creation of value for customers, being innovative and creative in furthering the organisations objectives, better representing the organisation to customers, local communities and society at large, deriving satisfaction from their work, and be enthusiastic and proud to be part of the organisation.

Beneficial applications of this principle include:

- ✓ **for policy and strategy formulation**, people effectively contributing to improvement of the policy and strategies of the organisation;
- ✓ **for goal and target setting**, people sharing ownership of the organisation's goals;
- ✓ **for operational management**, people being involved in appropriate decisions and process improvements;
- ✓ **for human resource management**, people being more satisfied with their jobs and being actively involved in their personal growth and development, for the organisation's benefit.⁵⁹

⁵⁷ ISO 2004. *Quality management systems – Guidelines for performance improvements*.2009.

⁵⁸ ZAJÍC, J., VESELÝ, J. *Komentář k vydání ČSN EN ISO 9001:2001 Systémy management kvality*. 2005.

FINDING SOLUTIONS TO PROBLEMS WITH THE IMPLEMENTATION OF QUALITY MANAGEMENT PRINCIPLES

Principle 3 could help with *strategic plans formulation, competences distribution, decision making* and with solving the problem of *ensuring sustainability without current personal*.

4.4. Principle 4 - Process Approach

*"A desired result is achieved more efficiently when related resources and activities are managed as a process."*⁶⁰

Applying the principle of process approach leads to the following actions: defining the process to achieve the desired result, identifying and measuring the inputs and outputs of the process, identifying the interfaces of the process with the functions of the organisation, evaluating possible risks, consequences and impacts of processes on customers, suppliers and other stakeholders of the process, establishing clear responsibility, authority, and accountability for managing the process, identifying the internal and external customers, suppliers and other stakeholders of the process, and when designing processes, consideration is given to process steps, activities, flows, control measures, training needs, equipment, methods, information, materials and other resources to achieve the desired result.

Beneficial applications of this principle include:

- ✓ **for policy and strategy formulation**, utilizing defined processes throughout the organisation will lead to more predictable results, better use of resources, shorter, cycle times and lower costs;
- ✓ **for goal and target setting**, understanding the capability of processes enables the creation of challenging goals and targets;
- ✓ **for operational management**, adopting the process approach for all operations results in lower costs, prevention of errors, control of variation, shorter cycle times and more predictable outputs;
- ✓ **for human resource management** establishing cost efficient processes for human resource management, such as hiring, education and training, enables the alignment of these processes with the needs of the organisation and produces a more capable workforce.⁶¹

⁵⁹ ISO 2004. *Quality management systems – Guidelines for performance improvements*.2009.

⁶⁰ ZAJÍC, J., VESELÝ, J. *Komentář k vydání ČSN EN ISO 9001:2001 Systémy management kvality*. 2005.

⁶¹ ISO 2004. *Quality management systems – Guidelines for performance improvements*.2009.

FINDING SOLUTIONS TO PROBLEMS WITH THE IMPLEMENTATION OF QUALITY MANAGEMENT PRINCIPLES

Principle 4 could help with *process management, finding financial resources, long-term financing* and with solving the problem of *difficult access to organization's finances*.

4.5. Principle 5 - System Approach to Management.

“Identifying, understanding and managing a system of interrelated processes for a given objective improve the organisation's effectiveness and efficiency.”⁶²

Applying the principle of system approach to management leads to the following actions: defining the system by identifying or developing the processes that affect a given objective, structuring the system to achieve the objective in the most efficient way, understanding the interdependencies among the processes of the system, continually improving the system through measurement and evaluation, and establishing resource constraints prior to action.

Beneficial applications of this principle include:

- ✓ **for policy and strategy formulation**, the creation of comprehensive and challenging plans that link functional and process inputs;
- ✓ **for goal and target setting**, the goals and targets of individual processes are aligned with the organisation's key objectives;
- ✓ **for operational management**, a broader overview of the effectiveness of processes which leads to understanding the causes of problems and timely improvement actions;
- ✓ **for human resource management** provides a better understanding of roles and responsibilities for achieving common objectives thereby reducing cross functional barriers and improving teamwork.⁶³

Principle 5 could help with *process management, competences distribution, and process management*.

4.6. Principle 6 - Continual Improvement

“Continual improvement should be a permanent objective of the organisation.”⁶⁴

⁶² ZAJÍC, J., VESELÝ, J. *Komentář k vydání ČSN EN ISO 9001:2001 Systémy management kvality*. 2005.

⁶³ ISO 2004. *Quality management systems – Guidelines for performance improvements*.2009.

FINDING SOLUTIONS TO PROBLEMS WITH THE IMPLEMENTATION OF QUALITY MANAGEMENT PRINCIPLES

Applying the principle of continual improvement leads to the following actions: making continual improvement of products, processes and systems an objective for every individual in the organisation, applying the basic improvement concepts of incremental improvement and breakthrough improvement, using periodic assessments against established criteria of excellence to identify areas for potential improvement, continually improving the efficiency and effectiveness of all processes, establishing measures and goals to guide and track improvements, and recognizing improvements, promoting prevention based activities, providing every member of the organisation with appropriate education and training, on the methods and tools of continual improvement such as:

- the Plan-Do-Check-Act cycle,
- problem solving,
- process re-engineering, and
- process innovation.

Beneficial applications of this principle include:

- ✓ **for policy and strategy formulation**, creating and achieving more competitive business plans through the integration of continual improvement with strategic and business planning;
- ✓ **for goal and target setting**, setting realistic and challenging improvement goals and providing the resources to achieve them;
- ✓ **for operational management**, involving people in the organisation in the continual improvement of processes;
- ✓ **for human resource management**, providing all people in the organisation with the tools, opportunities, and encouragement to improve products, processes and systems.⁶⁵

Principle 6 could help with *competences distribution, strategic plans formulation*, and with solving the problem of *ensuring sustainability without current personal*.

4.7. Principle 7 - Factual approach to decision making

“Effective decisions are based on the analysis of data and information.”⁶⁶

⁶⁴ ZAJÍC, J., VESELÝ, J. *Komentář k vydání ČSN EN ISO 9001:2001 Systémy management kvality*. 2005.

⁶⁵ ISO 2004. *Quality management systems – Guidelines for performance improvements*.2009.

FINDING SOLUTIONS TO PROBLEMS WITH THE IMPLEMENTATION OF QUALITY MANAGEMENT PRINCIPLES

Applying the principle of factual approach to decision making leads to the following actions: taking measurements and collecting data and information relevant to the objective, ensuring the data and information are sufficiently accurate, reliable and accessible, analysing the data and information using valid methods, understanding the value of appropriate statistical techniques, and making decisions and taking action based on the results of logical analysis balance with experience and intuition.

Beneficial applications of this principle include:

- ✓ **for policy and strategy formulation**, strategies based on relevant data and information are more realistic and more likely to be achieved;
- ✓ **for goal and target setting**, using relevant comparative data and information to set realistic and challenging goals and targets;
- ✓ **for operational management**, data and information are the basis for understanding both process and system performance to guide improvements and prevent future problems;
- ✓ **for human resource management**, analysing data and information from sources such as people surveys, suggestions and focus groups to guide the formulation of human resource policies.⁶⁷

Principle 7 could help with *decision making* and with solving the problem of *ensuring sustainability without current personal*.

4.8. Principle 8 - Mutually beneficial supplier relationships

*"An organisation and its suppliers are interdependent, and a mutually beneficial relationship enhances the ability of both to create value."*⁶⁸

Applying the principle of mutually beneficial supplier relationships leads to the following actions: identifying and selecting key suppliers, establishing supplier relationships that balance short-term gains with long-term considerations for the organisation and society at large, creating clear and open communications, initiating joint development and improvement of products and processes, jointly establishing a

⁶⁶ ZAJÍC, J., VESELÝ, J. *Komentář k vydání ČSN EN ISO 9001:2001 Systémy management kvality*. 2005.

⁶⁷ ISO 2004. *Quality management systems – Guidelines for performance improvements*. 2009.

⁶⁸ ZAJÍC, J., VESELÝ, J. *Komentář k vydání ČSN EN ISO 9001:2001 Systémy management kvality*. 2005.

FINDING SOLUTIONS TO PROBLEMS WITH THE IMPLEMENTATION OF QUALITY MANAGEMENT PRINCIPLES

clear understanding of customers' needs, sharing information and future plans, and recognizing supplier improvements and achievements.

Beneficial applications of this principle include:

- ✓ **for policy and strategy formulation**, creating competitive advantage through the development of strategic alliances or partnerships with suppliers;
- ✓ **for goal and target setting**, establishing more challenging goals and targets through early involvement and participation of suppliers;
- ✓ **for operational management**, creating and managing supplier relationships to ensure reliable, on-time, defect free delivery of supplies;
- ✓ **for human resource management**. developing and enhancing supplier capabilities through supplier training, and joint improvement efforts.⁶⁹

Principle 8 could help with *strategic plans formulation, finding financial resources* and with solving the problem of *ensuring sustainability without current personal*.

4.9. Summary

Identified problems would be solved merely implementing quality management principles. There are many different ways of applying these quality management principles. The nature of the organization and the specific challenges it faces will determine how to implement them. Many organizations will find it beneficial to set up quality management systems based on these principles.

⁶⁹ ISO 2004. *Quality management systems – Guidelines for performance improvements*.2009.

5. CONCLUSION AND FUTURE OUTLOOK

Comprehensive summary and answers to the research hypotheses are included in the final chapter along with future outlooks.

5.1. Hypothesis 1

H1: By maintaining a respectful dialogue with its intended beneficiaries, and by recognising their priorities from their points of view, a Non-Governmental Organization indirectly allows beneficiaries to shape its operational decisions leading to establishment of a framework for analysis, response and evaluation of high quality.

The younger organizations (Zeměkoule, Jídlopis, OLLOVE) have run a survey among potential beneficiaries (target groups) before its founding done, therefore it can be said that even before the founding of the NGO the potential clients (beneficiaries) had tremendous influence on the formation of the organization. These organizations have not been around for long enough for us to be able to determine how much influence will its target groups (clients/ beneficiaries) have in the future, but we can expect continuous orientation towards the needs and wishes of the target groups, based on the missions of these Non-Governmental Organizations.

Charitas Olomouc is a proof of such orientation towards clients. During its long existence is possible to track the tendency towards adaptation to the needs of beneficiaries - the organization responds to current challenges and changes in society and tries to be flexible rather than dogmatic as the Christian charity organization are occasionally looked at.

Thus, thesis hypothesis was confirmed by the Charity organization and in case of the other organizations we will have to wait for their development over time.

5.2. Hypothesis 2

H2: Non-Governmental organizations can benefit from using stakeholders'⁷⁰ points of view to improve their activities.

This hypothesis was confirmed mainly thanks to the interviews with employees of Non-governmental organizations. Non-governmental organizations can benefit from using stakeholders' points of view to improve their activities but beware, there is also

⁷⁰ Stakeholders in the wider sense should include: beneficiaries, owners, suppliers, donors, employees, volunteers, competitors, local government, general public and relevant public and private institutions, and other passive recipients and third party bodies.

CONCLUSION AND FUTURE OUTLOOK

one negative aspect (a threat) - in today's world, organizations must give great attention to the personal interests of individuals or groups (lobbyists) who may try to take advantage of the good name and services of an organizations to present their own interests or profits. In this case, stakeholders could be harmed. The organization may lose its clients (beneficiaries) or members and financial resources may be at risk (losing its income) and the organization may lose its reputation.

5.3. Hypothesis 3

H3: Non-Governmental Organizations do not have the capacity and resources to react momentarily and with quality to immediate changes in needs of beneficiaries and for effective responses to new challenges and opportunities.

Adequate early and rapid response to any kind of change is a sticking point for most NGOs. It's not that they do not want to, but the big problem represent the resources that NGOs lack and therefore do not have enough to be able to respond quickly and with quality. It's not just financial resources, but also human, material, technology, etc. The obstacle may be requirements or rules set by the donor, if the organization has a limited number of donors. Donor does have the right to decide where he wants his money to be used. So in some cases, the organization has hands tied, even if it has the human potential and resources to respond to acute changes in society.

5.4. Hypothesis 4

Hypothesis 4: By implementation of specific Quality Management principles, a Non-Governmental Organization can improve performance, sustainability, problem solving and prevention of problems and challenges.

Problems identified in chapter 3 would have been solved by simple implementation of specific quality management principles. Of coorce, for long term solutions, more complex approach would be necessary but quality management is only one step in the maturing of an organization. This hypothesis has been confirmed in theory which opens the question of putting it to a test in reality. Perhaps the next logical step would be a research focusing on implementation of specific quality management tools in response to day to day problems and challenges. Non-Governmental Organisations then might realise the added wale of a little more systematic approach to managing even the simplest activities of all (But that is another hypothesis).

5.5. Recommendations

One of the objectives of my thesis was to formulate recommendations for Non-Governmental organizations that took part in my research. These recommendations should have been formulated on the basis of a completed questionnaire and subsequent interviews with the organizations management. The recommendations I had planned to introduce them and consult with them - whether they would be acceptable and usable.

Unfortunately, there was not time as I have at first encountered with unwillingness of bigger Non-Governmental Organizations to participate in my research. The four organizations that have agreed to take part in it at the last hour were so kind to provide me with as much information as I could have wished for and I am once more grateful to Mrs. Ludmila Gottwaldová, DiS - director of “Charita Olomouc”, Ms. Bc. Martina Horníčková DiS– project coordinator at “Zeměkoule o.s.” and Ms. Bc. Lenka Bláhová DiS – statutory representative at “Jidlopis, o.s.”, and Jan Kolomazník – statutory representative at “OLLOVE o.s.”, who were so kind to agree to including their Non-Governmental Organizations in this research.

Non-Governmental Organizations are now as well as many private companies, preparing budgets for next year, closing this year’s accounts, applying for grants and preparing final reports on their yearly activities. Therefore, I have been asked to meet again with the NGOs’ representatives at the beginning of the coming year in order to discuss my recommendations regarding their organizations as suggested above.

Therefore, I would like to present recommendations for improving services, increasing efficiency of management, solutions to currently reoccurring problems or avoidance of potential threats as a part of this master thesis defence.

5.6. Future outlooks and conclusion

The topic of my thesis opens the question that often not only members of the organizations, but also donors or beneficiaries ask themselves. Is our work good? effective? Could we make it better? If yes, how?

For me, the non-profit sector is an interesting place where one can work, where one can find self realization and where one has always something new to learn. There is also space for improvements, innovations and creativity. In the non-profit sector, I see the potential for development and growth when current barriers and problems (financial dependence on state institutions and donors, the uncertainty with the changing political order in the country's competitiveness at international level, quality settings, etc.) are

CONCLUSION AND FUTURE OUTLOOK

overcome. Today, the non-profit sector is perceived as a dependent unit that just draws / feeds on money from various funds. But people easily forget that the civil non-profit sector plays a very important role in the society when family, our closest relatives and even our friends and the state fails to take care of us it is the non-profit sector that ensures a certain degree of support to people who find themselves in difficult circumstances.

The growth and development of the non-profit sector is an example of an advanced civil society that cares about what is happening around. So I think, and my research also confirms that it is important to pay attention to the development and improvement in this area.

The research of quality management in terms of management maturity in Non-Governmental Organizations in this work opens a question of organizations life cycle and its connection to the level of maturity, because as shown in chapter 3, younger organizations tend to be less focused on their sustainability and are not very well organized, where as the much older and well established organization Charita Olomouc has over time developed a very well managed system of processes and thus manages quality in its own way.

I would like to continue in my research on Non-Governmental Organizations and particularly focused on evolution of maturity and challenges for NGOs in terms of financing and legislation. It would be also interesting to benchmark NGOs from different countries e.g. from the Visegrad Group as they have similar history but now varying legal and economical environments.

In my opinion, quality management is becoming increasingly important to the leadership and management of all organisations, not only in the private sector, but also in the public sector that needs to become more efficient. Its potential is well known throughout the world. It might be interesting to do things ad hock for some time but for example in regard to natural resources or time, we only have this planet and this day to spend, quality management can help us improve and innovate all our activities into sustainable forms at a reasonable price. Why are so many people afraid of change to the better or more efficient?

6. SOURCES

6.1. BIBLIOGRAPHY

BACHMANN, P. *Management neziskové organizace*. Hradec Králové: GAUDEAMUS, 2011. ISBN 978-80-7435-130-3.

ČASTORÁL, Z. *Základy moderního managementu*. Praha: Univerzita Jana Amose Komenského, 2009. ISBN 978-80-86723-76-1.

ČSN EN ISO 9004:2001 *Systém management jakosti – Směrnice pro zlepšování výkonnosti*.

DEFOURNY, J. *From Third Sector to Social Enterprise*. In Borzaga, Carlo – Defourny, Jacques. *The Emengance of Social Enterprise*. London: Routledge, 2011. ISBN 0-415-33921-9.

DRUCKER, P., F. *Managing the Non-Profit Organization*. Oxford: Butterworth-Heinemann, 1990. ISBN 0-7506-2691-7.

DRUCKER, P., F. *The Age of Discontinuity: Guidelines to Our Changing Society*. New Brunswick and London: Transaction Publishers, 1992. ISBN 978-1-56000-618-3.

FRIC, P. and GOULLI, R. *Neziskovy sektor v Ceske republice*. Praha: Eurolex Bohemia, 2001. ISBN 80-86432-04-1.

HYÁNEK, V. *Ekonomika neziskových organizací*. 1. vyd., Brno: Masarykova univerzita v Brně, 2004. ISBN 80-210-3501-3.

HYÁNEK, V., ŠKARABELOVÁ, S., ŘEŽUCHOVÁ, M. *Rozbor financování nestátních neziskových organizací z vybraných veřejných rozpočtů*. Brno: CVNS, červenec 2005. ISBN 80-239-5262-5.

SOURCES

ISO 2004. Third edition 2009-11-01 *Quality management systems – Guidelines for performance improvements*

LABOUTKOVÁ, Š. *The Establishment of NGOs as One Growing Part of Developing Interest Groups in the Czech Republic. E+M Ekonomie a Management*. Liberec: Technická univerzita v Liberci, 2009. ISSN 1212-3609.

PLAMÍNEK, J., et al. *Řízení neziskových organizací : První český rádce pro pracovníky v občanských sdruženích, nadacích, obecně prospěšných společnostech, školách, církvích a zdravotnických zařízeních*. Praha: Nadace Lotos, 1996. ISBN 80-238-0442-1.

REKTOŘÍK, J. a kol. *Organizace neziskového sektoru : Základy ekonomiky, teorie a řízení*. 1. vydání. Praha: Ekopres, 2001. ISBN 80-861-1941-6.

REKTOŘÍK, J. a kol. *Organizace neziskového sektoru : Základy ekonomiky, teorie a řízení*. 2. aktualizované vydání. Praha: Ekopress, 2007. ISBN 978-80-86929-25-5.

REKTOŘÍK, J. a kol. *Organizace neziskového sektoru : Základy ekonomiky, teorie a řízení*. 3. aktualizované vydání. Praha: Ekopress, 2010. ISBN 978-80-86929-54-5.

SALAMON, L.M., ANHEIER, H.K. *Defining the non-profit sector : A cross-National Analysis*. 1. edition. Manchester: University Press, 1997. ISBN 0-7190-4902.

SALAMON, L.M., ANHEIER, H.K., and associates: *Global Civil Society: Dimensions of the Nonprofit Sector*. Baltimore: Johns Hopkins Center for Civil Society Studies, 1999.

SARGEANT, A. *Marketing Management for Nonprofit Organizations*. New York: Oxford University Press, 2005. ISBN 13-978-0-19-927182-5.

STEJSKAL, J. *Ekonomika neziskové organizace*. Praha: Junák - svaz skautů a skautek ČR, Tiskové a distribuční centrum. Pardubice: Koalice nevládek, 2010. ISBN 978-80-86825-55-7.

SOURCES

ŠKARABELOVÁ, S. *Definice neziskového sektoru : sborník příspěvků z internetové diskuse CVNS*. 1. vydání. Brno: CVNS, 2005. ISBN 80-239-4057-0.

UNITED NATIONS. *Handbook on Non-Profit Institutions in the System of National Accounts*. New York: UNITED NATIONS PUBLICATION, 2003. ISBN 92-1-161461-9.

ZAJÍC, J., VESELÝ, J. *Komentář k vydání ČSN EN ISO 9001:2001 Systémy management kvality*. Praha: NPJ, 2005. ISBN 80-7183-178-X

6.2. ONLINE SOURCES

/online/ BOND. *A report by Keystone and AccountAbility for the British Overseas NGOs for Development*. August 2006. Available at:
<https://www.civicus.org/new/media/putting_beneficiaries_first.pdf>. [2012-11-24].

/online/ CHARITA OLOMOUC. Available at: <<http://olomouc.charita.cz/aktuality>>. [2012-11-16]

/online/ CZECH STATISTIC OFFICE FOR NEZISKOVKY.CZ. *Statistics on the number of NGOs*. Available at:
<http://www.neziskovky.cz/data/stat_NNO_tabulka_1990_2011txt11819.pdf>. [2012-7-13].

/online/ DOHNALOVA, M., POTUCEK, M. *Podpora sociální ekonomice, strategická inovace*. Praha: CESES FSV UK, 2009. Available at:
<http://www.ceses.cuni.cz/CESES-307-version1-090602_SI_SE.pdf>. [2012-11-10].

/online/ GOVERNMENT COUNCIL FOR NON-GOVERNMENTAL ORGANIZATIONS. *Shortened and modified by the author from SWOT analysis of the current state of the nonprofit sector in the Czech Republic*. Prague, 2008. Available at:

SOURCES

<http://www.vlada.cz/assets/ppov/rnno/prostredky-z-evropskych-fondu/FINAL_SWOT_analyza_1.pdf>. [2012-10-15].

/online/ OBČANSKÉ SDRUŽENÍ JÍDLOPIS. Available at:

<<http://www.jidlopis.com/>>. [2012-11-18]

/online/ OBČANSKÉ SDRUŽENÍ OLLOVE. Available at:

<<http://www.facebook.com/pages/OLLOVE-os/460921523927615>>. [2012-11-18]

/online/ OBČANSKÉ SDRUŽENÍ ZEMĚKOULE. Available at:

<<http://www.theglobe.cz/>>. [2012-11-17]

/online/ OECD, LEED. *The Social Enterprise Sector: A Conceptual Framework*.

Available at: <<http://www.oecd.org/cfe/leed/37753595.pdf>>. [2012-11-15].

/online/ VAJDOVÁ, T. *Zpráva o neziskovém sektoru v České republice*. Available at:

<http://www.vlada.cz/assets/ppov/rnno/dokumenty/zprava_o_neziskovem_sektoru.pdf>
. [2012-11-22]

/online/ WORLD ASSOCIATION OF NON-GOVERNMENTAL ORGANIZATIONS.

Code of Ethics and Conduct for NGOs. Available at:

<<http://www.wango.org/codeofethics.aspx>>. [2012-11-20]

6.3. LAWS

Act No. 210/2002 Coll., *Law on Foundations*. Praha, 2002.

Act No. 208/2002 Coll., *Law on Public benefit corporations*. Praha, 2002.

Act No. 83/1990 Coll., *Law on Civic ssociations*. Praha, 1990.

7. ABSTRACT

Name and Surname:	Ondřej Nosek
Department:	Katedra aplikované ekonomie
Supervisor:	Prof. Dr.-Ing. habil. Günter H. Hertel
Year of defense:	2012
Master thesis topic in English:	State of the art ISO 9000 standards conversion into benefits for certain go or ngos
Master thesis topic in Czech:	Současný stav konverze norem ISO 9000 ve prospěch určitých vládních nebo nevládních organizací
Abstract in English:	Non-Governmental Organizations are becoming more concerned about their sustainability due to the current complex and dynamic environment within which they operate. Such conditions are forcing Non-Governmental Organizations to adopt new and innovative approaches to pursue their mission and to maintain their sustainability and growth. This thesis investigates quality models (particularly ISO 9000-9004) application as one of possible solutions to finding a framework for improving performance, sustainability and problem solving in the non-profit sector.
Key words in English:	non-profit sector, non-gouvernmental organizations, management, quality management, ISO standards
Abstract in Czech:	Nevládní neziskové organizace se stále více zaměřují na svou udržitelnosti vzhledem k současnému složitému a dynamickému prostředí, ve kterém působí. Takové podmínky nutí nestátní neziskové organizace, aby přijímaly nové a inovativní přístupy pro výkonu svého poslání a zachování udržitelnost a růst. Tato práce se zabývá modely kvality (zejména ISO 9000-9004) a jejich aplikací jako jedím z možných řešení k nalezení rámec pro zlepšení výkonnosti, udržitelnosti a řešení problem v neziskovém sektoru.
Key words in Czech:	neziskový sektor, nevládní neziskové organizace, management, management kvality, ISO normy
Attachments included in the thesis:	1 CD ROM
Scope:	79 p.
Language:	English

8. LIST OF FIGURES

Figure 1: Economic sectors breakdown	11
Figure 2 The position of non-profit sector in the national economy by Pestoff (the Welfare Triangle)	12
Figure 3 Numbers of Non-Governmental Organization in the CR in between 1990-2011	26
Figure 4: Pyramid of organizational management.....	32
Figure 5: Inverted pyramid of organizational management	33
Figure 6: Organizational environment – internal and external factors	34
Figure 7: OLLOVE o.s. - Maturity level.....	42
Figure 8: Jidlopis o.s. - Maturity level	45
Figure 9: Zeměkoule o.s. - Maturity level.....	48
Figure 10: Comparing maturity level of the four investigated Non-Governmental Organizations.....	54
Figure 11: The average maturity level of all four investigated Non-Governmental Organizations	54
Figure 12 - ISO 9001:2000 – continual improvement cycle	74
Figure 13 – Extended model of a process-based quality management system	75

9. LIST OF TABLES

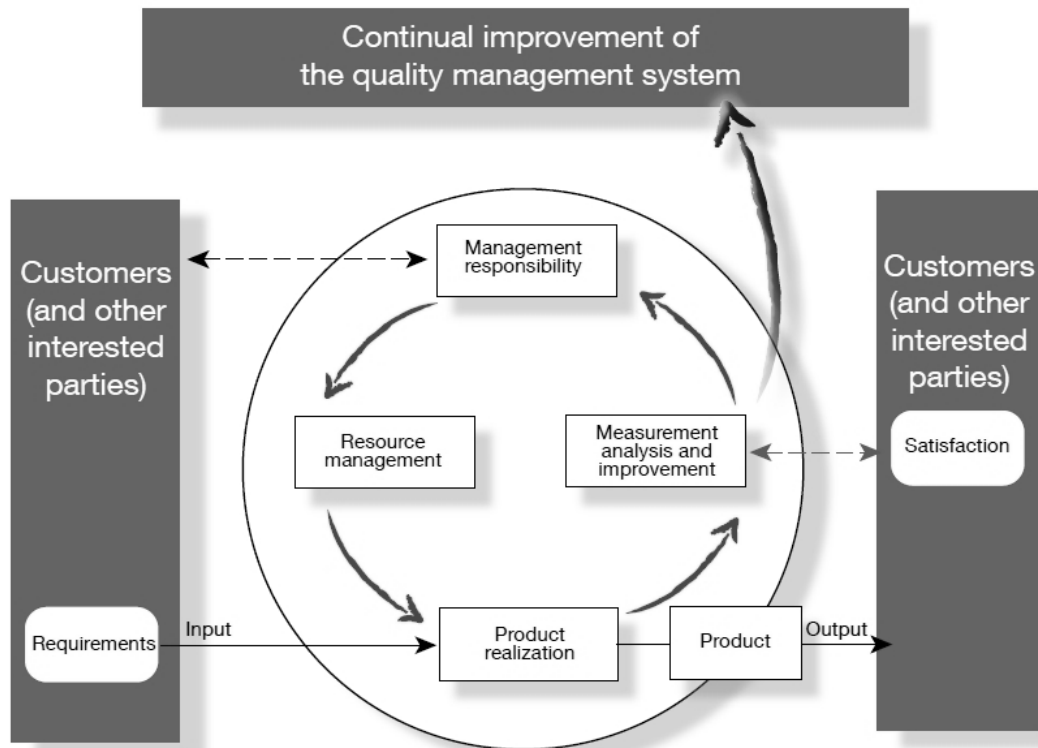
Table 1: International Classification of Non-Profit Organizations.....	18
Table 2: Classification of Non-Governmental Organizations by mission	24
Table 3 Numbers of Non-Governmental Organization in the CR in between 1990-2011.....	27
Table 4: Strengths and Weaknesses of the Czech non-profit sector.....	40
Table 5: Basic information on OLLOVE o.s.....	41
Table 6: Basic information on Jidlopis o.s.	44
Table 7: Basic information on Zeměkoule o.s.....	47
Table 8: Basic information on Charita Olomouc.....	50

10. ANNEX 1 - ISO 9000 STANDARDS

The ISO 9000 standard provides the fundamentals and vocabulary used in the entire ISO 9000 family of standards. It sets the stage for understanding the basic elements of quality management as described in the ISO standards. ISO 9000 introduces users to the eight Quality Management Principles as well as the use of the process approach to achieve continual improvement. (See Figure 1).

ISO 9001 is used when you are seeking to establish a quality management system that provides confidence in your organization’s ability to provide products that fulfil customer needs and expectations.

Figure 12 - ISO 9001:2000 – continual improvement cycle⁷¹



It is the standard in the ISO 9000 family against whose requirements your quality management system can be certified by an external body. The standard recognizes that the term “product” applies to services, processed material, hardware and software intended for your customer.

There are five sections in the standard that specify activities that need to be considered when you implement your system:

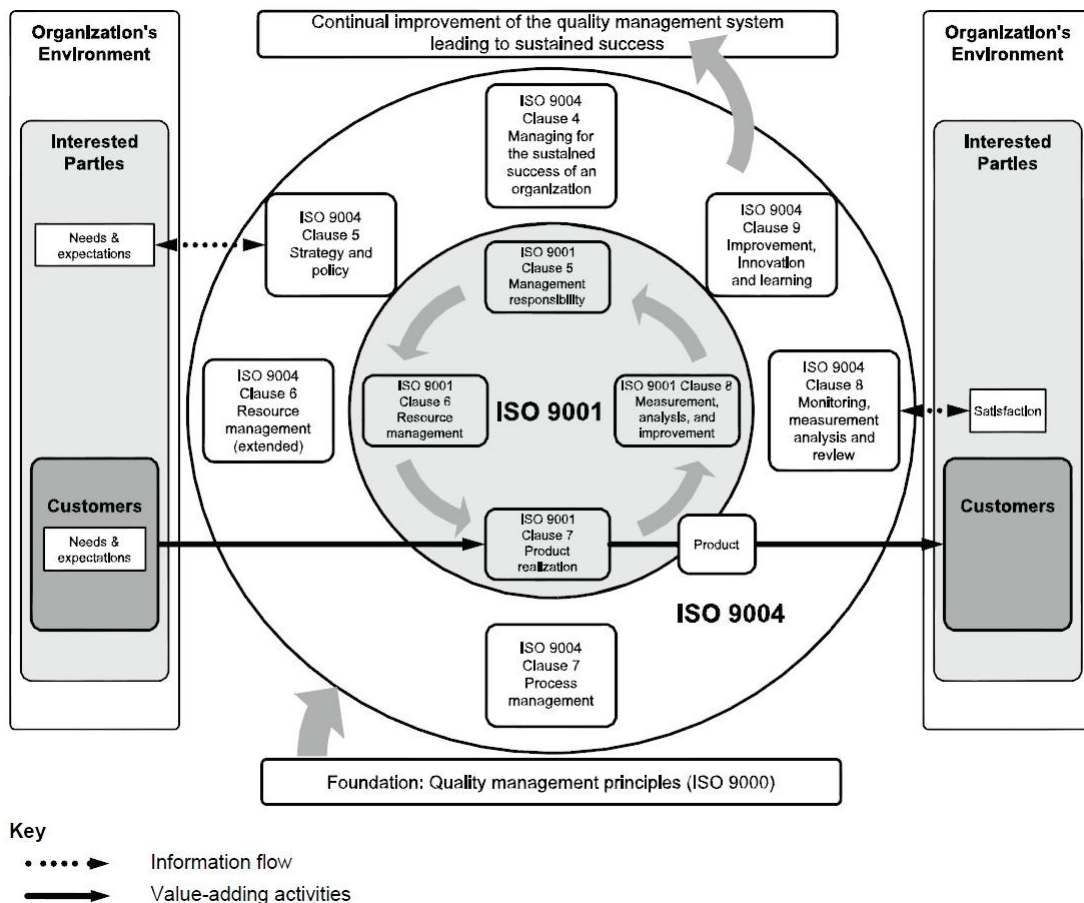
⁷¹ ČSN EN ISO 9001:2001

ANNEX 1 – ISO 9000 STANDARDS

- ✓ Overall requirements for the quality management system and documentation
- ✓ Management responsibility, focus, policy, planning and objectives
- ✓ Resource management and allocation
- ✓ Product realization and process management, and
- ✓ Measurement, monitoring, analysis and improvement.

ISO 9004 is used to extend the benefits obtained from ISO 9001 to all parties that are interested in or affected by your operations. Interested parties include your employees, owners, suppliers, partners and society in general. (See Figure 2)

Figure 13 – Extended model of a process-based quality management system⁷²



ISO 9001 and ISO 9004 are compatible and can be used separately or in combination to meet or exceed expectations of customers and interested parties. Both standards apply a process approach. Processes are recognized as consisting of one or more linked activities that require resources and must be managed to achieve predetermined output. The output of one process may directly form the input to the next process and the final product is often the result of a network or system of processes.

⁷² ISO 2004. Third edition 2009-11-01 Quality management systems – Guidelines for performance improvements