

NONGOVERNMENTAL NONPROFIT ORGANISATIONS IN SOCIAL SERVICES: THEORIES VERSUS THE REAL SITUATION IN THE CZECH REPUBLIC

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***Abstract:** The national economy can be divided by theory into four segments - public sector, the nongovernmental non-profit sector, the nongovernmental for-profit sector, and the household sector. For a long time, the nongovernmental nonprofit sector has been considered to be a very active and important segment in the area of providing public services. In this paper, we outline the actual situation in the Czech Republic, the role and scope of Czech nongovernmental nonprofit organisations in the field of social services that is significant. On the basis of official statistics of the Ministry of Labour and Social Affairs of the Czech Republic (The Register of Social Service Providers) and other databases (Register of Economic Entities and Public Register), we show that almost two third of all social services (approximately 5,600 services) is provided by nongovernmental nonprofit providers (especially by Public beneficiary corporations, Churches and religious communities and Societies). The contribution also include detailed characteristics of these organizations (their legal form, the location of their seat, number of provided services, etc.). The findings and results of our research are then critically discussed with regard to relevant theories and results of previous studies.*

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***JEL Classification:** A13, L31.*

Introduction

The area of social services potentially concerns everybody because it is not possible to exclude from life situations that can result in a need of social assistance. Generally, various governmental as well as nongovernmental, for-profit and nonprofit, formal and informal entities get engaged in solving social situations. There is a big amount of papers dealing with the topic of providing social services (especially the financial aspects). As it was written by Baines (2010), nonprofit social services provide a particularly rich research node, epitomizing some of the central themes and tensions crisscrossing the nonprofit sector. This contribution more or less successfully deals with the role and the scope of the nongovernmental nonprofit sector (hereinafter referred to as the "NNS") in providing social services in the Czech republic on the basis of real data. The scope of nongovernmental nonprofit organisations (hereinafter only "NNOs") means the percentage of social services provided by NNOs. Furthermore, it is also legitimate to determine the legal forms of the NNOs represented in the Czech system of social services.

The paper therefore focuses on how potential and existing clients of the social services system are interconnected with the civil society forming the NNS in the Czech Republic.

According to the established academic culture, the NNS is defined by means of an extensive theoretical base. It delimits the NNS with respect to the other components

of the national economy (the public sector, the private market sector, and the household sector), perceiving the NNS and organisations operating within it as something unique, with a specific approach towards their mission and their very functioning itself.

Active organisations within the sector are usually characterized as self-governing, private and organised entities with their operations based on volunteering and aimed at achieving objectives other than profits (Salamon, Anheier, 1997). As part of this contribution, we will try to define the role and scope of Czech NNOs in one of the traditional areas of their activities, i.e. in social services. Before we move forward towards describing the reality, we believe it is appropriate to start by outlining the theory substantiating the importance of the NNS and the tasks of NNOs within the framework of public services securing, which also includes social services securing.

1 Statement of a problem

1.1 The Nongovernmental Nonprofit Sector in Theory

The most frequent theoretical approaches defending the existence and importance of the NNS include single-factor theories, viewing the importance of NNOs through one selected perspective. We will briefly present some of the single-factor approaches that Hyánek (Hyánek, 2011) or others, e.g. partly Schmid (2013), present as a fundamental definition.

The first among the single-factor approaches is based on the assumption that there are economic and microeconomic failures. Burton Weisbrod in his Government (or also Market) Failure Theory reasons that, apart from the well known market failures, the public sector, which focuses on the needs of the median voter under the pressure of and in view of further election success, also suffers from its own insufficiency. Due to such a narrowed perspective of the whole spectrum of a society's needs there are unsatisfied minority groups that representatives of the NNS focus on. (Weisbrod, 1977)

Lester Salomon does not hesitate to follow this approach up with the Interdependence Theory that adds in the same breath that not even NNOs are perfect. According to Salomon, problems are also typical for NNOs and they considerably limit the capacity of NNOs to assist in solving a society's needs. The theory considers philanthropic deficiency, amateurism, paternalism and particularism to be the basic shortcomings of the sector. The presented problems stem in particular from insufficient capacities and resources of NNOs, their quality or possible risks of becoming estranged from an organisation's own mission. This approach outlines possible solutions that are based on cooperation among sectors. Salomon then extends this to the Third Party Government that supplements both outlined approaches to failures with proposals of possible cooperation thanks to which higher efficiency of individual activities can be achieved. Hence, the theory assumes that the relationship between NNOs and the public sector is complementary by definition. The NNS secures the whole range of tasks that the State may not be up to, on the other hand, the public sector offers (not only financial) support from the means collected through taxes or helps in securing higher quality of services through various standards and norms. (Salamon, 1987)

The last of the basic single-factor approaches that we will mention is the Trust Theory and the cognate Informational Asymmetry (or also Contractual Failure) Theory. It assumes that there is an information asymmetry, i.e. the situation when the seller has more information necessary for taking a correct decision than the buyer. Thanks to their nonprofit character, NNOs are generally considered to be more trustworthy and fair partners than their

profit counterparts conducting their business with the aim to achieve personal benefits in the form of profits. Hence, the theory ascribes the need to act in a fair manner to the entities of the NNS, therefore they can be considered to be suitable suppliers in the areas where the information superiority exists. (Hansmann, 1980) Health care or the aforementioned social services can be an example of such areas as they can also be connected with sensitive and delicate information.

1.2 Nongovernmental Nonprofit Organisations in the Public Service

The individual theoretical approaches defined above draw attention to the necessity of the NNS in the national economy, thus directly or indirectly highlighting NNOs as important providers of public services. This means the services that are guaranteed or provided to the extent decided by a public choice, the content of which is determined by the type of the social state and historical social-economic development of a given country and the existence of which depends on the funding from public resources (Medved', Nemeč, Orviská, et al., 2005). With time, we can see other shifts as regards the entities providing public services, specifically from the public sector to entities that can be better in providing the services. It is a natural process aiming at higher efficiency of complex mechanisms of public services functioning (Hyánek, Prouzová, Škarabelová, 2007). Therefore, the already mentioned NNOs play an important role in providing services, which does not necessarily mean that the role of the State, which remains a significant guarantor securing the funding of provided services and guaranteeing their quality, is suppressed (Pestoff, 1995). As it was stated by Van Slyke (2003), as government increases its use of contracting of the social services to NNOs, it simultaneously reduces its own public-management capacity, imperiling its ability to be a smart buyer of contracted goods and services.

As it was already indicated above, our contribution deals with the role and scope of NNOs in the area of social services the area that is traditionally connected to shifts of providers from the public sector to the entities of NNS. (Van Slyke, 2007) In accordance with Czech legislation, we can perceive these services as an activity or a package of activities targeting persons in an unfavourable life situation. The objective of these activities is to prevent social exclusion, support self-sufficiency of concerned people and assist them in achieving the highest possible level of involvement into a common independent life. Such services target a wide group of endangered people from among children, adolescents, adults and older adults in the whole varied range of life situations, for example families with children, the handicapped, marginalized people (Law: Act No. 108/2006).

According to the international comparative study (Salamon, Anheier, List, et al., 1999) dealing, among other things, with the employment aspect, social services can be considered to be a traditional base of NNOs' activities (18% of the employees of the NNS globally). The study also points out to the differences among the regions of the world, the difference among the employment rates in social services between the countries of Western Europe (27%) and Central Europe (12%). This can also confirm the thesis about the dependency between what the sector looks like and the historical development of individual countries or regions, when the public sector in the countries of Central and Eastern Europe holds the position of the guarantor and provider of the services, which can be one of the relicts of the communist era.

The aforementioned international study also considers differences in the funding across the areas of activities of the NNS. The area of social services is listed among the

“government dominant” areas, where the main source of funds are public subsidies (45%), followed by revenues for rendered services (37%), and the role of philanthropy is not negligible either (18 %). (Salamon, Anheier, List, Toepler, Sokolowski, 1999). This is in accordance with Kissane (2003) who was mentioning that many policy makers assume that NNOs will assist current and former welfare recipients reach self-sufficiency and make ends meet with their own private funds. Simultaneously NNOs could stabilize their financial base and still serve their communities by delivering municipal social services (Struyk, 2002).

On the basis of the data on the funding of social services, it can be concluded that the public sector gets increasingly interested in the area, which however does not necessarily mean that the sector provides social services on a large scale, but it definitely confirms a high level of its guarantees given to the services. The indicated conclusions of the original study are affirmed by outputs of enhanced replication (realised in 35 countries of the World) (Salamon, Sokolowski, List, 2003) or through selected chapters of publication about civil society in the countries of Visegrad (Schreier, 2015).

From the total number of people employed in the NNS in the Czech Republic (105 thousand), more than 12 thousand are active in the area of social services (i.e. 11.7% of all employees in the nonprofit sector) (Czech Statistical Office, 2015b). In addition, the highest amount of the public sources, nearly one third of all the public funds designated to assist the NNS through subsidies (29.6%), goes to the area of social services and employment (Government of the Czech Republic, 2016). The current data thus indicate that social services still play a significant role in the activities of Czech NNOs. After all, this is what a whole range of authors draw attention to, for example Varvažovská (Varvažovská, 2008), Molek (Molek, 2011). The following text deals with the detailed information about social services and the NNOs operating in the field.

2 Methods

The following research methods were used. First, a bibliographic research was conducted with emphasis on the reasons why social services were provided by the NNS and the role of NNOs in providing social (or public) services. The propositions identified on the basis of obtained information were subsequently confronted with the Czech environment. For this purpose official data were used about the social services provided by NNOs.

Subsequently the researched area was defined in two ways. First, territorially, by means of the area of the Czech Republic, and secondly by means of the definition of social services stipulated in Czech legal regulations, specifically Act No. 108/2006 Coll., on social services. This legal regulation defines the possibilities of providing social services in the Czech Republic, listing the standards defining the quality of services, manners of their financing, and the possibilities of subsequent control of their providing.

We have done the research in the time period from year 2015 to year 2016, using the data (obtained mainly in the first half of year 2016) from the official real time processed electronic Register of Social Services Providers (hereinafter only the “Register”) administered by the Ministry of Labour and Social Affairs of the Czech Republic and the Register of Economic Entities administered by the Czech Statistical Office.

We have collected basic data from the respective legal regulations and the Register. The Register offers an extensive database of information about social services providers (e.g. the start of the period of providing, contacts of social services, etc.), regardless of their affiliation to the national economy sectors. We have grouped the data from the Register

by key character - registration number of individual organization (because they are arranged by individual services in the Register, regardless of their affiliation with a specific organisation) and separately supplemented with other data from the public Register of Economic Entities (e.g. the date of establishment of an organisation, the number of employees of an organisation, postal code of the seat of an organisation, etc.). The data we have arranged in the above specified manner were consequently converted into spreadsheet, analysed and described by us through the use of descriptive statistics. Our results and findings are in the subsequent sections of this paper.

3 Problem solving

This section is divided into the two parts. Part 3.1 describes the system of the social services in the Czech Republic. The results of the analysis of the laws and other relevant document were used for the purpose of providing a broader context of the results presented in part 3.2.

3.1 The System of Social Services in the Czech Republic

This section will be opened by a brief introduction of the main characteristics of the social services system in the Czech Republic. The reason for this is to provide the context of national specificities in which the results of our analysis can be understood. The basic legal regulation that predetermines a number of national specificities to a certain extent is aforementioned Act No. 108/2006 Coll., on social services. It provides a list of activities that can be perceived as social services, while clearly defining the part of the publicly beneficial activities of NNOs that we can define as activities in social services. The activities are divided into three groups (social advisory services; social care services; social prevention services) depending on their type, that are further divided to 33 types of services (for example personal assistance, homes for the elderly, low-threshold facilities for children and adolescents, social therapy workshops, etc.). Social services can be provided in the residential, ambulatory or field regime (Law: Act No. 108/2006).

According to law, social services can be provided by natural persons and legal entities without exception. Entities having any of the legal forms that are regarded to be NNOs can also be included among social services providers. According to the Czech Statistical Office that uses the aforementioned operationally structural definition, they are, among others, also the following: foundations, endowment funds, public benefit corporations (or asylums/homes), associations (or societies), organisations established by churches, organisational units of associations (or branch societies), and other (Czech Statistical Office, 2015a).

Registration in the Register is a necessary precondition for the providers subject to the registration by the territorially competent Regional Authority entitling them to provide social services and also obtain contributions from public funds for rendered services. Hence, the Register represents a basic tool for obtaining an overview of provided social services and also a tool for maintaining the quality of services. Their quality is also supervised by the Inspection of Social Services Providing that inspects how the Standards of Social Services Quality stipulated by Ministerial Decree No. 505/2006 Coll. are fulfilled. Therefore, the Standards represent a tool that defines parameters of quality services, which is essential for their comparing and for the comparing of the quality of providers themselves (Law: Announcement of Act No. 505/2006 or eventually more about Standardization - Halásková and Halásková, 2014). This fact implies, among other things, the conclusion

that the role of NNOs in the current system is to provide a certain amount of social services in the quality determined by the State.

3.2 Social Services in the Czech Practice - Results of the Research

In this part the results of our analysis based on descriptive statistics are presented. As regards the scope of activities conducted by NNOs in social services in the Czech Republic, our research found out the following. According to official data more than 5,600 social services (of all types) are provided in the Czech Republic. From the whole package of social services, 3,451 services are provided by entities of the NNS (i.e. 61.55%), 279 by entities of the profit sector (i.e. 4.97%) and 1,876 by entities of the public sector (i.e. 33.46%). Such results do not represent anything surprising in the world context. Similar values are for example mentioned by the authors of the contribution about social services in Italy, where the share of services provided by NNOs represents almost 75% (Borzaga, Tortia, 2006).

In addition, the Czech social services provided within the NNS often occur repeatedly; hence, out of the 3,451 services there are 2,574 unique occurrences of rendered services for the 1,058 entities that can be considered to be NNOs according to the above defined circle of entities. The accurate distribution of individual legal forms and the accurate distribution of services among individual organisations are shown in the table below (Tab. 1).

Tab. 1: Classification of the NNS providers of social services

Legal form of a provider	Share of the total number of providers (%)	Share of social services (%)
Society (Civic association)	36.48	29.85
Branch society (Organisational unit of a civic association)	4.35	2.43
Asylum/home (Public beneficiary corporation)	39.89	34.98
Foundation	0.09	0.03
Endowment fund	0.09	0.03
Church and religious community	17.39	31.30
Cooperative - social cooperative	0.09	0.06
Other (Interest grouping, etc.)	1.61	1.33

Source: Authors

The table clearly shows that, as regards the NNS providers, social services are most frequently rendered by asylums/homes and public benefit corporations (39.89%), societies and civic associations (36.48%) and churches and religious communities (17.39%). The legal form of asylum/homes and public benefit corporations also has the biggest share in the rendered social services (34.98%). With respect to the share in rendered social services, this legal form is followed by churches and religious communities that have a big aggregate share in social services (31.30%) despite their less significant representation as individual organisations (already mentioned 17.39%). Quite visible difference between number of churches and religious communities providers (especially Caritas and Diaconia organizations) can be surprising because the number of believers is in the Czech Republic still diminishing (approximately 10.4% of respondents of census in 2011, Czech Statistical

Office, 2011), but organizations of churches and religious type are subjects with wider coverage and broad net of branch offices with quite strict hierarchical structure. Societies and civic associations (29.85%) provide nearly one third of social services. The remaining legal forms that we can list under the NNS are more likely not to operate in the area of social services and if they do, they provide social services rather marginally.

A vast majority of the NNS providers of social services focuses on a limited range of activities (410 entities secure just one service, 246 entities two services, 148 entities three services, etc.). Nevertheless, there are organisations with a wider scope of activities appearing among social services providers. This is also evidenced by the fact that there are only nine entities from the NNS in the Czech Republic per 518 services. Churches and religious communities in accordance with the above mentioned clearly prevail in these nine entities (four entities: 286 services). Societies and civic associations (three entities: 179 services) rank second, while asylums/homes and public benefit corporations rank third (two entities: 53 services). The biggest provider of social services in terms of the number of provided services is the Diocesan Caritas Brno (church and religious community) with its 123 provided services, which is followed up by the Silesian Diaconia (church and religious community) with 98 provided services, and the NADĚJE society with 79 provided services.

Although social services are relatively evenly accessible, via postal code, most of the NNO providers have their seat in big cities. Nearly one fifth of the organisations providing social services have their seat in the capital city of Prague (17.58%), the remaining big cities (seats of regional authorities and chartered towns) are evenly represented among the seats of the NNS social services providers (Brno - City: 4.91 %, Ostrava: 3.50 %, České Budějovice: 3.12 %, Liberec: 2.65 %, etc.). These findings also confirm Halásková and Halásková (2014) with quotation that the capital city of Prague, Brno region and Ostrava region represent areas with high level of accessibility of social services.

4 Discussion

4.1 Consistency between Theory and Practice and the Research Limits

The presented data may indicate consistency between the reality of social services providing in the Czech Republic and the Government Failure Theory, when Czech NNOs participate in meeting the neglected demand resulting from intentional orientation of the public sector towards a limited circle of voters, the median voter. In our case, minority groups are users of social services from among disabled (physically and mentally) people, homeless people, the elderly, and similar groups.

The information obtained about the structure of social services providers broken down by the national economy sectors imply further interesting conclusions in the context of the standards stipulated by legal regulations, which may indicate an apparent complementary relationship between the State and the NNS, as it was described in Salamon's Third Party Government. In providing social services, NNOs use their know-how, contacts and goodwill, thus compensating the State's insufficiencies. The State makes financial contributions to the services provided by the NNS, thus supporting sustainability of the sector. On the other hand, the State also sets the legislative framework within which social services providers operate, thus ensuring much-needed quality of individual services and satisfaction of their clients. Both above mentioned sectors continue cooperating to develop the system of social services.

The State's willingness to engage the NNS in the whole system of social services, including the planning of its further development, implies a connection with the Trust Theory. We can be reassured that this approach is valid in the Czech environment, among other things, by the ability of the NNS to obtain sufficient financial means (from public and private resources) for implementation of more than three fifths of all social services. This is what can also confirm the relatively high level of the trust that people (private donors) have in the NNS in practice, which the theory explains by the need of the NNS to act fairly. A considerable role here is also played by the ability of NNOs to achieve the required level of professionalism so that they would be able to meet quite demanding legal requirements for quality.

In addition to the consistency with theory, we can also point out to the consistency of our basic conclusions on the importance of the NNS in the area of social services with previous publications and papers dealing with this topic. The high participation of NNOs in the field of social services is also proved by the results of a complex research from 2007 (Hyánek, Prouzová, Škarabelová, 2007). Accordingly, the paper by Varvažovská (Varvažovská, 2008) also informs that the sector's participation is higher than one half, and the Molek's article (Molek, 2011) even talks about the monopoly position of NNOs in the providing of social services.

The share of social services providers as established by us does not necessarily have to represent the maximum utilization of the NNS's capacities because there is still a high rate of clients whose needs have not been met in the area of social services, as is highlighted by the results of the Statistical Yearbook from the area of labour and social affairs. The number of registered clients whose demand for community care services was not satisfied in 2014 alone reached 1,500, and nearly 2,000 clients in the case of respite care services (Ministry of Labour and Social Affairs, 2015). Thus, the space where NNOs can operate and implement their activities does not necessarily have to be fully exhausted yet.

The answer we are offering imply further questions suitable for further researches because the information presented herein answers only a part of questions that can arise with respect to the areas of social services providing and the role of the NNS in these areas. The main limitation is that there is no answer to the question what the real percentage of clients served by the sector is. It is this figure that would inform about the real necessity of engagement of the NNS in the area of social services. For sure, it would also be interesting to search for answers to the issues of possible regional disproportions in social services providing (that is partially processed for selected social services by Halásková and Halásková, 2014) or the structure of financing of individual social services providers. The data obtained by us however do not state any of the required information. Therefore, it would be necessary to conduct a more detailed research of the reality of social services providing at specific NNOs or to obtain more data from the Ministry of Labour and Social Affairs of the Czech Republic as the Ministry indicates these facts for example in its Statistical Yearbook from the area of labour and social services for 2014 or in the Network of Selected Social Care Facilities for 2013. However, both the resources state only the numbers of clients of selected social services who have or have not been provided the required service, without indicating individual sectors or regions the clients belong to.

Conclusion

NNOs have become traditional providers of social services in many countries all over the world, including the Czech Republic. The role that the NNS plays in this field as well as the

scope of the social services provided by NNOs have therefore become increasingly relevant topics.

On the basis of the conducted research, we can say that NNOs hold a significant position in providing social services in the Czech Republic (approximately two thirds of services are provided by NNOs), and therefore supplement providers from the public sector and the profit sector, with the latter holding rather a marginal position. In the Czech Republic, the role of NNOs in social services lies in securing a given amount of social services in the quality stipulated in respective legislation. In addition, NNOs also have to raise necessary funds (from public and private sources) to cover the costs related to the providing of social services. Because NNOs are involved in developing community plans of social services, we can also include into NNOs' roles implementation of the tasks set for NNOs in these development materials.

With respect to the studied data, we can identify the NNS as an important provider of social services that is perceived by the general public and governmental entities as a trustworthy cooperating entity and receiver of donations and special-purpose subsidies. In our contribution, the scope of NNOs' activities in social services was identified more accurately, when in particular the fact that the NNS provides more than three fifths of the total number of all social services is worthy of notice. At the same time, it is interesting that a large number of services is secured by quite a limited circle of organisations (nine entities provide more than 500 services) among them paradoxically play an important role churches and religious communities (paradoxically because of the big share of non-believers in the Czech Republic). The legal forms that regularly occur among social services providers are the society and civic association, the asylum/home and public benefit corporation, and the church and religious organisation. All the three groups of legal forms of NNOs secure approximately the same number of services each (i.e. one third). In terms of their seats, the services are evenly distributed all over the territory of the Czech Republic. As regards the size of the seats, big cities prevail.

We can therefore consider the objective of our text, which was to outline the role and scope of NNOs with respect to social services in the Czech Republic, to have been partially fulfilled. The results of our research also give rise to several follow-up questions that stem in particular from the limited availability of data, hence representing an impulse for further research that should be directed towards securing more accurate information about the number of served clients of NNOs and the regional distribution of services of the NNS with respect to the other sectors.

Another interesting topic that may become a subject of possible future research is the financing of social services provided by the NNS because, on the basis of available statistical data, it can be expected that the organisations providing social services are largely dependent on private resources of donors. Therefore, due to their characteristic features, they bring the funds to the field that could be used in a different manner or as the case may be would possibly not reach the field of social services at all. In such a case, it would be possible to consider NNOs in social services as a certain multiplier of public funds dependent on fundraising activities. However, we do not have enough evidence now to verify this assertion, therefore this can also become another of the subjects of further research that would answer the outlined questions.

Our contribution hence answers the basic question we asked about the role and scope of the NNS as regards the providing of social services in the Czech Republic. One answer however opens a space for asking further questions and seeking further answers.

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