



**Evropský sociální fond  
Praha & EU: Investujeme do vaší budoucnosti**

Název projektu:

Inovace studijního programu Ekonomie a hospodářská správa s akcentem na internacionalizaci výuky, individuální práci se studenty a praxi. CZ.

2.17/3.1.00/33332

**5IE 496**

**CHAPTERS ON NGOs - AN AMERICAN APPROACH  
TEXTBOOK**

**Antonie Doležalová**

**Praha 2013**

## **Altruism – Natural Predisposition, Virtue, Institution**

**Antonie Doležalová**

### **When one says a Benefactor**

Every one of us has an idea as to what it means. Words such as a “benefactor”, “benefaction”, “altruism”, “philanthropy” or “charity” are often used indiscriminately. And yet, the very existence of all these terms suggests that they each have their own meaning. Undoubtedly, it was the need to label something new that gave rise to them. They all address a man’s place in society, his ability to empathise and to sympathise, his capacity for benevolence, social care and solidarity. There is a thin line between philanthropy, benefaction, charity and alms and it might be determined by the degree of institutionalisation and by the manner of organisation. While the word “benefactor“ is synonymous with a “sponsor”, “alms” and “charity”, it has almost disappeared from the Czech vocabulary and some even regard it as an archaic term. “Sponsoring” has, in the meantime, gained a somewhat derogatory taint. On the other hand, “philanthropy” is the most commonly used term in the context of mutual help and solidarity. It often encompasses corporate philanthropy, thanks to which we are experiencing a golden age of philanthropy. Rich entrepreneurs use their wealth for purely personal reasons, assert their own values and their own interests. They wish to help a cause they believe is worthy. When the word “philanthropy” first appeared in the Czech dictionary at the end of the 19th century, it conveyed enthusiasm and zest for changing other people’s life to one’s liking, which included the philanthropist’s ideas of what good is.

“Philanthropy” comes for Greek, is derived from “philein” (to love) and “antropos” (human being). It, therefore, means love to mankind but is also translated as “humanitarianism”, “benevolence” or “help to the socially disadvantaged”. The meaning no longer entails love to a fellow being or a need for mutual help. What is left is the need to resolve problems resulting from inequality within the society. Organised philanthropy aims to rectify inequalities and thus refine the society. The concept of philanthropy works with the notion of good, the presumption being that good deeds are done by those who like people.

However, the judgement “this is good” is passed by the benefactors, not the beneficiaries.

What are the values behind a benefactor's notion of good? What is the moral base and dimension of philanthropy? And do philanthropic pursuits have anything in common with altruism? Who gives, why and where do they take from? It is because of these persistent questions that I wish to address "altruism" in my paper. It is a term which is rarely mentioned in connection with philanthropy these days. Somewhere at the beginning of times and of our individual lives, altruism was in our nature. Aristotle saw altruism as a virtue since a confident, wise citizen polis acts consciously, not on impulse. Aristotle's virtues still work with the strategy of natural predisposition. It was only in the Middle Ages when Christianity began to push for the institutionalisation of this natural predisposition and virtue and concepts such as alms, charity and philanthropy started to develop – both in their individual and collective forms. In the course of the 19th century, the state took over this strategy and gradually forced out individual responsibility, without offering an effective and efficient system of collective responsibility.

I shall attempt to cast light on altruism as a natural predisposition and as a virtue and I will try to show how problematic its institutionalisation can be. My contemplations draw on the notion of economics as a science of choice and decision-making, within which Mises' rule applies: every man acts in such a way that will improve his current standing. Altruism, a voluntary human behaviour, also aims to better one's existing position and this person is no different from any other participant in the marketplace, except for the fact that the gains from his (economic) pursuits are not expressed in money. His benefits should, however, follow Ricardo's law of comparative advantage.

The French sociologist Auguste Comte introduced altruism as an ethical and philosophical term at the end of the 19th century. He used it to label behaviour, feelings and thinking, whose objective is the welfare of another individual than the actor himself. More often than not, altruism is defined as a moral principle, which, in contrast to egotism, has the capacity to selflessly sacrifice one's interest for the sake of another person. Altruism is seldom translated into Czech satisfactorily, although "lidumilnost" as in "love for a fellow being" might be good enough. More commonly, however, we hear the term selflessness, whereby "selfless" is

usually seen as pertaining to conscious behaviour which harms the actor, or is to his detriment in the name of someone else's gain.

When attempting to shed light on the nature and value of altruism, we inevitably touch upon the field of moral philosophy and, sooner or later, start walking the line between egotism and altruism – between asserting one's interests and serving others. We are confronted by examples of relationships between altruism and rationality and we need to consider cases when fulfilling the needs of others legitimises one's own needs.

This paper can give little room to our inherent need for definition, qualification and limitation. The categories of individual and collective benefaction are phenomena which are too broad to be reduced to one definition. One definition simply cannot encompass answers to such complex social questions, such as Why do people opt to give up a part of their independence for the benefit of the society? Why do they forego a part of their wealth for the benefit of the socially excluded ones? and What conditions have to be fulfilled in order for people to act altruistically?

My further questions are: Are we selfish, are we good, or are we good because we are selfish? Is there a possibility that natural selection (the motor of evolution and its dynamics) takes place at a group as well as an individual level? Although we do not understand it yet, we need discover the evolutionary mechanism that allowed altruistic predispositions to become established. Last but not least, are we altruistically inclined and what exactly does it mean?

### **Parable of the Good Samaritan**

The parable of the Good Samaritan asks the very questions above. It forces us to question why some people are willing to sacrifice their time for others and why they are willing to bear other costs.

30. A man was going down from Jerusalem to Jericho when he fell into the hands of robbers; they stripped him of his clothes, beat him and went away leaving him half dead.
31. A priest happened to be going down the same road and when he saw the man, he passed by on the other side.

32. So too a Levite, when he came to the place and saw him, passed by on the other side.
33. But a Samaritan, as he travelled, came where the man was, and when he saw him, he took pity on him.
34. He went to him and bandaged his wounds, pouring on oil and wine. Then he put the man on his own donkey, took him to an inn and took care of him.
35. The next day he took out two silver coins, gave them to the innkeeper. "Look after him," he said, "and when I return, I reimburse you for any extra expense you may have." 36. Which of these three do you think was a neighbour to the man who fell into the hands of robbers?
37. The expert in the law replied: "The one who had mercy on him." Jesus told him: "Go and do likewise."<sup>1</sup>

The story is about a person who is helping another. This help entails certain costs and whether the person is rich or not is irrelevant. He understands that money is needed but he also gives his time, foregoes his comfort when he walks for a part of the way so that the injured man can be taken by the donkey. The others went past the injured man, uninterested. Who behaved rationally, who selfishly and who altruistically? There is a whole range of empirical evidence that when an individual acts in a rational manner, it brings a change for the worse to the society as a whole. This gives rise to social traps, or social dilemmas, the theory of which presumes that everyone looks after their own interest only. However, experience says that some are also interested in how others are doing. Altruism is one of the most efficient ways to resolve such social traps.

## **Social dilemmas**

A social trap comes into being when an individual's rational behaviour results in a turn for the worse for the society as a whole. The social dilemma theory shows that the cost incurred by helping others is not the main determinant of people's readiness to do so. What is much more important is whether other members of the group are helping too. Motivation is the key

---

<sup>1</sup> *New Testament, Lukas 10, 30-37*

to the resolution of social dilemmas and points to altruism as an effective and viable strategy of social behaviour. It is a mechanism capable of forcing people, by peaceful means, to collaborate. It gives impression that an individual's activities have an influence on the work of the group and it creates a sense of group identity. This in turn gives rise to reciprocity, where individual members of the group expect the same helpful acts from the others. The extent of collaboration within the group continues to grow even when the individual finds out that his cooperation leads to increased gains by the others. Social dilemmas can interfere with this reciprocal cooperation and there are three types:

- 1) the prisoner's dilemma
- 2) the free rider dilemma
- 3) the tragedy of the common

The first social dilemma, the prisoner's dilemma, describes a situation of two prisoners who can influence the extent of their punishment by choosing whether they will testify against each other. If both remain silent, the police will sentence them for a minor charge and their punishment will be less severe. If one testifies, he will walk free. Clearly, it would be better for both to remain silent and receive a minor charge. For each of them separately, however, it would pay to testify against the other. And they will do it.

The heroine of Puccini's opera Tosca has an awful dilemma. The chief of police Scarpia sentences her lover to death but offers her a deal – if she gives herself to him, he will not kill her lover – blank cartridges will be used. Tosca decides to deceive Scarpia – she yields to his request but stabs him just as he order the apparently mock execution. She does not know Scarpia lied to her, the cartridges are live, her lover dies. Tosca kills herself.

Without realising it, Tosca and Scarpia played a game with each other – in game theory described as the prisoner's dilemma – which comes into play whenever an individual's interests are in conflict with those of the whole. If they had kept their sides of the deal, they would both have gained – Scarpia would have got Tosca and Tosca would have got her lover. It is a game which only has one round. But if the game is repeated, when more than one round is played, it shows that selfishness is hardly a rational approach.

A whole range of games is played and computer situations modelled according to this scheme, the hawk-dove game being the most famous one. Computers have revealed that the Tit-for-tat strategy is the most effective – the dove has admittedly never broken the bank but with time it managed to beat the hawks. When it was time to try and beat tit-for-tat, it was Tit-for-two-tats that won! It was then immediately beaten by the primitive “cooperate at all times” strategy, but this was often beaten by the “cheat at all times” game, which in turn stood little chance among the tit-for-two-tats players

What does experience with all this experimenting with the theory prove? What do social dilemmas show?

Among other things, social dilemmas tell us that people are willing to cooperate when they are sure that the others will do the same. If the individuals who are about to enter mutual interaction do not know each other's identity, if they do not know each other's behaviour from previous interactions, if there is any chance that they will never interact again, the interaction is threatened with failure, ie with a social trap. A rational decision of an individual will lead to social irrationality. Conversely, if the individuals see themselves as belonging to the group and if they acknowledge the existence of certain mutual bonds, then they also expect reciprocity from the other members. Communication within the group enables one to find out who wants what and, long term, to observe the behaviour of the others. Communication can also produce moral pressure and strengthen collective identity. In trying to resolve social dilemmas the members consider the group before themselves, competition shifts away from the individual level to the group level and altruism within the group becomes greater.

### **Altruism - a natural predisposition**

We are now entering the field of socio-biology, according to which nature ensured we can benefit from our lives as social beings. When two players meet and like each other, they can play indefinitely. If one deceives the other, be it through misunderstanding, it can result in a string of mutual retaliations, which will not bring any use to anyone and sadness to all. Reciprocity is instinctive, taught by life in society, not at school, and upbringing can only

strengthen it. Society does not work because we created it but because it is a product of our biological instincts. Its existence stems from our natural predispositions, it expresses our natural needs, just as art or institutions do.

Biological altruism is defined as behaviour of an individual which benefits others while he bears the costs which his behaviour entails. Costs and benefits are measured as reproductive ability, ie the number of expected offspring. It is not based on a conscious decision to help. Typically, it takes two forms, which explain the evolution theory of kin selection (the theory of inclusive fitness) and the theory of reciprocal altruism. These two theories have weakened the validity of the group selection theory, whose main problem has been the insolvability of further social traps, above all the free rider dilemma. Free riders take advantage of the altruistic behaviour of the other members of the group, without contributing anything. Their numbers within any given group can grow so fast that they destroy it. The theory of kin selection is based on the idea that there is a gene which forces its carrier to act towards other carriers of this gene altruistically. It does not rule out that some types of behaviour may be passed on in a non-genetic way, eg through imitation or social learning. The theory of reciprocal altruism explains that altruistic behaviour towards non-kin can be beneficial as well as effective as long as we can expect some sort of repayment from the others, a tit-for-tat. The cost of such behaviour corresponds to the likelihood of this "investment" being returned. Part of this is the ability to recognise those who have received our altruistic care and to spot the free riders..

Socio-biology says that man is a social primate, living at a high level of collaboration among genetically unrelated individuals. If his behaviour is to be labelled as altruistic, he needs to bear the costs of it while someone else benefits. It must be free of motives, free of both personal and/or psychological gain. It follows on from here that altruism and its reciprocity is precisely what motivates man to cooperate, despite the fact that it has no influence on increasing his reputation (subjective psychological gain). Human altruism seems to be based on a high level of reciprocity and an individual must be prepared to bear the costs of both altruistic reward and punishment, regardless of his own interests. Cooperation is facilitated by reputation since if individuals know about each other or are able to find out at no extra

cost that others collaborate, these others have a good reputation, are worthy of altruistic treatment and are respected members of the society. In other words,

those who cooperate must be rewarded and the deceitful ones who do not act reciprocally need to be sidelined.

Reputation is what helps ostracise uncooperative individuals and brings us onto the topic of a social dilemma called “tragedy of the commons”. It is a situation when individual rationality leads to social irrationality, when one’s acting in a sly manner results in everyone’s loss.

According to an important representative of socio-biology, Richard Dawkins, genes may be responsible for some aspects of our behaviour. He came up with the selfish gene theory, based on the notion that whatever it is that individuals do is not done in the interest of their group, their families, or themselves. Each individual strives to act in such a way that benefits his own genes. Inevitably, he is a descendant of individuals that strove for the same. (None of our ascendants lived in celibacy). A bee or an ant are just as desperate and helpless as a finger that has been chopped off. Yet, the moment they are a part of a colony, the moment the finger is attached to the hand, they are able to achieve so much! Serve the interest of all.

The first preliminary conclusion might be: Our altruism is made possible by our selfish genes and/or selfishness. All altruism is selfish.

### **Altruismus as a virtue**

Let us come back to good-doing and to the roots of the value system of benefaction. The Greek philosopher Aristotle said that good can only be received from the good! In relation to good, he explains that the highest good is bliss, the highest of all the good deeds. Aristotle was the first and the last author who sought answers to what bliss and good are, instead of what is it to be good and to be blissful. His answer was that we want bliss for the sake of itself, never for any other reason and whatever else we strive for is so as to be blissful. He left behind the nontrivial message: Perfect good suffices on its own.

Aristotle’s key question is whether bliss can be learnt or got accustomed to, whether it is a matter of chance or whether it is god-given. He claimed that, unlike intellectual virtue, moral virtue is the result of correct behaviour repeated regularly. A blissful man is one who is active in perfect virtue and adequately furnished with material goods. He lives well and acts well.

Human virtue is not physical; it is mental fitness, *arête*, and is divided into moral and intellectual. While intellectual virtue is acquired and developed through learning and therefore needs time and experience, moral virtue (*ethike*) is acquired by habit (*ethos*). No moral virtue is innate since nothing that is innate can be changed through habit. We have a natural capacity to acquire virtues and then perfect them through habit.

Perfect friendship can only exist among good people, who similar in their virtues. Only such people are equal. They desire good because they themselves are good and they wish good onto others for the others' sake, for their own good. The practical Aristotle noticed that benefactors love their beneficiaries more than the other way round. A beneficiary resembles a debtor, a benefactor is analogous to a creditor – when it comes to loans, debtors may even wish their creditors were dead, whereas creditors will see to it that their debtors stay alive. And while benefactors expect gratitude, beneficiaries may not be overly concerned about returning the favour. People prefer to be on the receiving end of good deeds and have a bad memory in this context. Donors love their donees like an artist loves his piece of art – and the donee loves his donor in the same way that a piece of art would love its artist if it came to live. The giver gives because it makes him feel good, because he knows that it is good, that it is a virtue, and because through virtue he will reach bliss. He also knows how hard it was to earn the money he then gave away. The taker, on the other hand, is like a heritor – it cost him nothing. Surprisingly perhaps, all this is, according to Aristotle, most relevant to each of us alone – one needs to be one's best friend, to love one oneself most. There is nothing bad about self-love. Aristotle's conclusion is that a truly selfish person is one who claims the greatest good and thus selfishness is not bad. Selfishness has been given its pejorative taint by those for whom only material things are good.

The second preliminary conclusion may sound very similar to the first: “only” self interest lies behind all our good deeds. Aristotle, in fact, posed the question whether the terms altruism and selfishness have to be reconciled. More importantly, though, he questioned: How did we become fitted with them? What is it that altruism initiates, what interest can it help sustain?

### **Altruism as an institution**

Alms represent the beginnings of the institutionalisation of altruism and the establishment of certain rules of good-doing, mutual solidarity and assistance. In the 4th century the Christians were given three ways to fulfil their fasting duties and prepare themselves spiritually for the biggest holiday of the year, Easter: fast, prayer or alms. Alms are characterised as assistance to those who are worse-off than the given person. It is a practical expression of love towards a fellow being and thus towards God. Later on, as charity evolved, it had to do with the social sentiment among people of the Middle Ages, more commonly the city dwellers than countrymen, determined by their every-day struggle to save their soul. In practice this meant that old people without income, belongings or relatives could not die in the street. We will not find a will in which the dying person had not included the poor. By the end of the Middle Ages, perhaps in relation to the Black Death epidemic of 1347-51, organised care for the elderly, beggars, the disabled and orphans had begun to come into existence. Monastery hospitals, nunneries and municipal hospitals, founded and financed by city councils and devout individuals, were the institutions of such care. Of course this social network was very thin – most of the needed were still depended on the institution of alms at the church or at a several occasions throughout the year, such as Easter. Christianity has a strong social dimension. Christian philanthropy can briefly be expressed as follows: God loves me infinitely, thus I can and should help some others regardless of any other criteria and in doing so emulate God (be his hands, legs and heart on Earth). Christianity, however, was far from being the first intellectual or spiritual system addressing the issue of helping others. It can be found in many much older cultures, in all pre-Christian religions, in the institution of a gift.

According to the Durkheim school of sociology, the morality of a gift founded the oldest economic system of total commitments between clans, barter in fact. In his essay on *The Gift*, M. Mauss defined a gift as a reciprocal relationship and an expression of contacts between people and as a basic economic strategy. A gift is an example of what a social fact in its totality is: a gift is not only what it appears to be, it is an economic phenomenon and at the same time an expression of a complex value system. Mauss regarded a gift as a representation of processes, which take place in a society. The act of giving in turn affects the nature of individual social systems. A gift is part of the legal, economical, religious as well as the

general ethical system. What is reflected in the act of giving is the society's value system, it shows who is who, how binding certain types of behaviour in a given culture are, what the society's relationship to property and wealth is. At the same time a gift always has a limiting function, it is a means to social pressure.

The total social fact of the gift demonstrates concisely how our morals are a mixture of voluntariness and commitment. It shows that apart from their purchase price things also have an emotional value. An unreturned gift puts its recipient in an inferior position, especially if he accepted it without even considering a gift in return. In an economic system based on the institution of a gift, an invitation, like courtesy, must be returned. The round keeps getting more expensive. We have to give back before we accept. A Maori saying goes: "Give as much as you take and all will be alright."

As altruism continued to be institutionalised, with the state beginning to take over a part of the tasks of mutual help and solidarity, benefactors undoubtedly started to question the secondary financial costs of philanthropy – the cost of giving. We are talking about taxation and the legislative changes to philanthropic activities. As state offices flourished, individual solidarity may have paradoxically declined. This gives rise to heretic questions: Is the loss of solidarity not too high a price to pay for modernisation and economic development? How much room for philanthropy do individual members of society have and what are their motivations? What is the impact of the crowding-out effects between the state and citizen involvement (both individual and collective) – are finite financial resources divided? Private philanthropic activities become complementary to the state activities.

And yet it is obvious that institutions of altruism have more in common with the institution of the market than that of the state. Market institutions use profit as the main indicator of their efficiency. They obtain vital signals for their work both in advance as well as ex post facto – from their customers, by searching for areas of unmet demand, by looking at their profits, the changes in the value of their shares. In the same way as institutions of altruism, they are based on voluntariness and competition. The state is fundamentally involuntary, it has a power monopoly over a given territory and is the only body, capable of forcing others to (not) act in a certain way. Like the state, the institutions of altruism are driven by other than profit

motives. Every philanthropic activity, however, is tit-for-tat – be it that the “tat” is a good feeling. Thus, no act of philanthropy and benefaction is a market institution as such; the price is not a deciding criterion for effective allocation of resources. In no way is it an institution of the state sector, though. And here we are faced with a problem since some organisations of these traits can be labelled as beneficial, while others may be of the opposite quality. Therefore, the value of other people’s lives and freedom has to be acknowledged as an inherent attribute of the human being and included among the main characteristics of institutions of altruism. What is meant by freedom is not that “my freedom ends where others’ begins” but freedom in a sense of respecting the fact that one is alive not thanks to themselves but to living in a society. With these characteristics institutions of altruism become sovereign categories of civil society and as such have more in common with market organisations than with the state.

If we can characterise philanthropic activities as voluntary, competitive, free of being motivated by profit in a financial sense and respectful of the freedom of others, then pure human compassion with the suffering of others can be identified as the moral base of these activities. In their base we can then look for altruism as a yes to life within a society. And this could be our third possible preliminary conclusion. Therefore, if the above characteristics are missing, most money gifts from the rich towards good causes are no more than an appeasement of one’s own conscience through redemption or a political bribe, not dissimilar to a pardon of the Middle Ages. By signing a cheque such benefactor may buy himself social reputation but he does not become a bearer of moral values.

## **Conclusions**

The puzzle why people are willing to give up a part of their independence for the benefit of the society has one solution – it is more beneficial. Our preliminary conclusions were firstly that selfishness is what makes our altruism possible, secondly that there is self-interest of some kind behind all our good deeds, and lastly that using certain parameters acts of

benefaction and philanthropy which stem from altruism can be differentiated from calculatingly utilitarian behaviour.

The character of the good Samaritan comes back – his help to the assaulted and injured man, the first aid he provided, taking the man on his donkey to the nearest place where he will be well looked after. He did not forget to give money to the man's future carers and should it not turn out to be enough for the numerous wounds, he will give them more. The fact that we have no idea how rich or what religion he was is unimportant. The Samaritan understood from Jesus' stories that money is needed in order to make such mercy happen. The parable of the Good Samaritan shows that expenses are a necessary part of altruism. It can also help us explain the relationship between altruism and egotism and/or understand the very meaning of egotism. We do not know the inner motives of those who do good, or think they do so. The psychology of the giver always remains hidden. The Samaritan can thus be an example of someone who knows that every good deed will eventually be returned – within the system of total commitments. We never know when we might need help from the others. A good deed which incurs nonreturnable costs can therefore be a very selfish act. The more we can empathise with the suffering of others, the more selfishly we behave when we attempt to ease their suffering. In other words, only those who do good from a cold conviction, without any emotions, are the real altruists. From a researcher's point of view, the motivations behind philanthropy carried out by atheists may seem to be much more colourful than that by believers in God.

Altruism, even in its institutionalised forms, such as philanthropy or benefaction, represents a mechanism capable of forcing people peacefully into cooperation. It continues to create situations when individuals have the impression that their behaviour has an impact on the welfare of the whole group. It probably does not hold that the extent of willingness to do good is dependent on the socio-economic status of the donor. The terms benefaction and philanthropy do not encompass only money which one can give out but also volunteer work in associations. The rise and growth of philanthropy is likely to have numerous sources; the society's wealth is bound to be closely related with the growth of philanthropy but the

question is how the wealth of each family corresponds with their inclination towards philanthropy and what conditions need to be fulfilled so that it actually takes place.

Altruism is an acknowledgement of the fact that one does not exist thanks to themselves only. An altruist sees the society as a whole, in the sense that all individuals' being is interconnected and that each and every member respects this totality. Private charity, benevolence and philanthropy mean that (relatively rich people) are still prepared to give their money away voluntarily so as to help others. This may also be because we are not certain what our last link with the real existence is – with life which is altruistic, total, reflected upon. What if the entire society holds together thanks to respect for moral values and the possibility of ostracising those who disrespect them?

Altruism is a natural part of human nature. It is not found only in a few rare people and thus has an evolutionary value. Altruism is a multi-dimensional concept that can be understood and appreciated as a vital part of human nature. We are altruistically inclined; no man is an Island.

# **The Institutional Framework of Civil Society in the Czech Republic after 1989**

**Antonie Doležalová**

## **Introduction**

Civil society is, no doubt, characterised by civil ethos, concern and interest in general wellbeing. For a citizen, the object of obligation is not his family, community or political party but society as a whole. Contemplation of the concept of civil society dates back to Aristotle. It is a translation of the Latin “*koinonia politike*”, a term which placed emphasis upon the basic identity between the ruling and the ruled, between community and state. The manner in which it operates nowadays started to develop in the 18<sup>th</sup> century, hand in hand with liberalism. This was supposed to provide social space where the new types of unions and associations, which were coming into existence, could assert themselves, independent of the absolutist power of monarchy or radical republicans. Freedom of association was seen as a fundamental condition for the existence of any modern society.

Without going into detailed explanations of the concept civil society, let us expand upon this term and the term social capital. Social capital tends to be defined rather vaguely but most will agree that it relates to social bonds, which facilitate coordination and cooperation between people. It is usually defined as a sum total of informal commitments which are not as easily “countable” as other types of capital, or as the sum of the current and potential resources, which individuals can use thanks to their relationships with others. Its volume is determined by the size of the network of acquaintances that an individual can mobilise for his/her own use and by the size of the economic and cultural capital of individual members of this network. The profits derived from this social capital strengthen the group’s solidarity and take on the shape of *quid pro quo*. Social capital is an investment by the members of the dominant class into maintaining and reproducing group solidarity and protecting their dominant position. It is a social recourse which creates connections between individuals and enables them to achieve mutual goals more efficiently. Social capital’s constituent parts are either structural in nature (e.g. social networks) or they are socio-cultural (generalised trust, norms of reciprocity, attitudes and values).

Civil society, as the simplest definition of this term states, is an area of an organised social life which occupies the space between individuals and political institutions. Given the current usage of the term social capital, there are two basic approaches to understanding civil society – socio-cultural and institutional. Two crucial differences between them can be identified. Firstly, the former considers the main source of social capital to lie in the forming of associations, which are independent of the state and political institutions, whereas the latter asserts that the creation of social capital is strongly linked to formal political institutions. Secondly, proponents of the social-cultural approach assume that the local, regional and national patterns of social capital (and by extension of civil society) have been formed by historical factors over many centuries and are firmly rooted. In contrast, those who advocate the institutional approach stress that social capital can only develop if it is affiliated to formal state institutions. In simple terms, the socio-political concept emphasises voluntary autonomous organisations with activity stemming from the membership base, while the institutional concept gives importance to the nature of the ruling regime and the rules it creates. Both approaches attribute the key role within civil society to associations.

Theory differentiates between two main types of associations:

- community associations
- professional associations

Within community associations, individuals come together on the basis of where they live, the reference group being people who meet in their every-day lives. Professional associations are based on mutual professional interests and the reference group consists of people of the same profession or estate (of the realm). This category can then be further subdivided into voluntary and corporative, whereby the essence of corporative associations is compulsory membership, determined by a certain characteristic and, above all, a monopoly position in a field. From the historical point of view, community and professional association played variable roles, i.e. either of the two may have become prevalent in different countries at different times.

The role of institutional conditions may be given greater or lesser weight, but it is clear that the social networks, which a protagonist goes through, play a fundamental role in the creation

of their social capital. These social networks include those formed on the basis of voluntary association, since even there trust is built and reciprocity generated, and this in turn facilitates coordination and communication among the protagonists. Although the creation of social capital is associated with all social networks (family, work, community), the ability of voluntary organisations to produce this capital is crucial. Being a member or participating in voluntary associations has important social consequences, in the shape of gaining a social education and influencing the public sphere. It also has institutional consequences, such as the opportunity to express one's opinion and represent one's interests more efficiently. From the protagonist's point of view it is the opportunity to self-identify and find recognition that is the most significant. Non-profit organisations offer alternative ways of participating in the life of society and finding self-fulfilment, than those commonly available through the formal routes. This is thanks to their:

1. social function – with its service component (the association's own performance and provision of services) and participation component (meeting the need to form associations),
2. political function – although the opinions about this function are very contradictory in the Czech Republic, they include the protection of human rights and other such regulatory functions.
3. economic function – the not-for-profit sector (potentially) continues to be an important consumer, producer of goods and services, as well as an employer.

Non-profit organisations are thus in a position to play a whole range of roles within society:

1. They provide services, which are not-for-profit in their nature, outside the state framework (e.g. the social sphere, healthcare, ecology, leisure), often taking into account the minority and individual needs of the population,
2. They can provide space for public activities outside the political framework and, most importantly, according to the citizens' interests with regards to the subject matter or region,
3. They can initiate changes and new trends and be bearers of moral/ethical values,

4. They enable an individual to lead life as part of a community, form associations with the aim to defend mutual interests and share fates and mutual values.

It is a commonly accepted notion that an individual's willingness to cooperate corresponds with their reward for the work. It is much less readily accepted, however, that the degree of cooperation increases even when the participants find out that others are getting greater rewards thanks to cooperation with them. It even increases in the cases when public property is involved, which is indivisible, and when individual members/participants receive an amount towards the activity of the group. This is due to the existence of a mechanism which makes people cooperate without the use of force. It is the feeling that the activity of an individual can influence the outcome of the group's work, and that is why he/ she considers it effective. Producing a feeling of effectiveness is thus a challenge, which applies even to non-profit organisations, which are often faced with the view that many people will not contribute to a cause since they do not believe that their money will reach where it is intended or that a small amount will make any difference.

Attempts to define non-profit organisations and their sphere of activity today are varied. The debated points include the name (in Czech it contains a double negative: non-state nonprofit organisations), the meaning of the term civil society, and deciding on what characteristics an organisation needs to display so that it can be classified as non-profit. The "structural-operational" definition is the most commonly cited today and was formulated by Lester M. Salamon. It holds that a non-profit organisation must be institutionalised to a degree, private, not distribute profit, self-governing and based on volunteering. From the point of view of civil society and the driving forces of its dynamics, this definition needs to be completed by some additional information so that the question of where civil society is placed in the spectrum between state and private institutions can be answered. In his definition, Salamon does not expand upon the word private in order to deal with the issue of competition, which all non-profit organisations are exposed to. They are, in fact, faced with having to function within two (fully) competitive markets: the market in which they offer their goods and services, and the market in which they acquire their financial resources.

Another point, not sufficiently stressed by Salamon's definition, is that of respecting the freedom of others.

The fact that a non-profit organisation is private, self-governing and voluntary places it within the private sector. The "not distribute profit" part of the definition causes difficulties and misunderstanding when non-profit organisations are studied and evaluated. If an organisation does not distribute its profits by law, it does not mean that it cannot create them! In addition, profit in non-profit organisations can manifest itself in ways other than financial (material) values. As free-market institutions, non-profit organisations use profit as the main indicator of their efficiency, even though the price is neither the decisive nor the only criterion for an efficient allocation of resources. They obtain vital signals for their work both in advance, from their customers and by searching for areas of unmet demand, as well as ex post facto by looking at their profits, the increase of the number of their clients etc. It is only when compassion, empathy and altruism (all anchored in appreciation of and respect for the freedom and rights of others) are added to the characteristics defining a non-profit organisation, do we arrive at an overall understanding of the significance of such organisations. Without this last point, there is no other reason why the same activity should not be carried out by the "standard" for-profit means – tax optimisation.

Czech literature has adopted the definitions and typology of NGOs based on the American concept of the not-for-profit sector. All American organisations seen as truly "not-for-profit" have to pursue the so-called public benefit and as such are set up for purposes which reach beyond personal gain. Since the term public benefit is absent in current Czech legislation and division by typology is not used by tax laws, for instance, the following typological division of Czech non-profit organisations can be seen as merely formal and explanatory: a) Mutually beneficial organisations, which aim to benefit their members, b) Publicly beneficial organisations, which focus on anyone who needs their services, regardless of whether or not they are their members.

Depending on the type of the predominant activities, non-profit organisations can be divided into:

- a) Service organisations – which offer goods and services

- b) Advocacy organisations – which draw attention to issues connected with civil society and observation of human rights, or defend the rights and interests of individuals or groups.

The current Czech approach to the not-for-profit sector draws inspiration from the situation in America, where there is most literature on this topic. The institutional, historical and social circumstances in which the not-for-profit sector was formed in the USA and the Czech Republic differ largely. However, the main characteristics of non-profit organisations and the demands placed on their functioning are similar, especially with regards to their types, the areas they influence and, in general terms, their sources of financing. The definition of the non-profit sector, used in the Report on the Non-profit Sector in the Czech Republic, is based on the legal form of organisations. According to this definition, the sector is comprised of organisations which are motivated by means other than economic profit and which reinvest any potential profits in their activities. Among the non-governmental organisations belonging to the non-profit sector, which the report lists are: civil associations, foundations, foundation funds, the church's legal persons and publicly beneficial organisations.

Legal theory defines and understands non-profit organisations very similarly to the description above. It sees them as entities, which are not set up primarily for the purposes of conducting business and which do not distribute their profits among the founders, members of bodies or employees, but use them instead to develop the organisation further. The Charter of Fundamental Rights and Basic Freedoms forms part of the Constitution of the Czech Republic and is the basic legal regulation. It lists fundamental human rights which make the creation and functioning of non-profit organisations possible: the right to free association, the right to peaceful assembly, the right to freedom of expression, the right to information and also the right to petition. The Civil Code, Act no. 40/1964 coll., regulates the position of non-profit organisations as legal persons in the Czech Republic and acts as common legal regulation. Another common regulation is Article 18 of Section 8 of the Income Tax Act no. 586/1992 coll. Individual non-state non-profit organisations are then regulated by further legislation, such as the Volunteering Service Act (no. 198/2002 coll.), the Public Collections

Act (no. 117/2001 coll.), the Lotteries and Similar Games Act (no. 202/1990 coll.), the Public Contracts Act (no. 137/2006 coll.), the Financial Control Act (no. 320/2001 coll.), the Education Act (no. 561/2004 coll.), the Social Services Act (no. 108/2006 coll.) and the Environment Act (no. 17/1992 coll.), among others. Legal norms which define types of non-profit organisations are, naturally, most important.

In the Czech Republic there are 4 types of non-profit organisations: civil associations, foundations and foundation funds, publicly beneficial organisations, and church institutions.

### **Civil Associations**

A law enabling the creations of civil associations came into being at the beginning of 1990 (the Citizens' Association Act no. 38/1990 coll., amended by Acts no. 300/1990 coll., 513/1991 coll., 68/1993 coll., 151/2002 coll., 230/2006 coll. and 342/2006 coll.) and specifies how the citizens right to association, guaranteed by the Charter of Fundamental Rights and Basic Freedoms, is to be fulfilled. The state registers civil associations but does not intervene in their internal affairs. Civil associations are corporations, i.e. built on a membership base. While the law does not define a founder(s) of an association, it refers to a "preparatory committee", which needs to consist of a minimum of three physical entities, who are Czech citizens (other members of the association do not have to be Czech citizens), with at least one being over the age of 18. This committee writes up the articles of the association and submits them to the Ministry of The Interior for registration. The articles must contain: the name of the association, its registered office, the objective of its activities, the terms of becoming a member, the rights and responsibilities of its members, the association's bodies and its wealth management principles. The law does not specify the term "objective of activities" in any way, except for referring to a mutually or publicly beneficial objective, and that it cannot be profit-making. Membership in a civil association is voluntary. An association is managed and administered by bodies of authority, which it creates in accordance with its articles, i.e. usually bodies which bring all the members together (the general assembly or a general meeting of members) and then the executive body (the board of directors, managing board,

directorate and such like). A civil association ceases to exist by voluntary dissolution or by a legally effective decision by the Ministry of The Interior.

## **Foundations and Foundation Funds**

Foundations and foundation funds are defined by law as special-purpose property associations, aiming to achieve publicly beneficial goals. The term “publicly beneficial” is vaguely formulated and the list of goals is merely illustrative – they are meant to protect human rights and other humanitarian values, the environment, natural and cultural heritage, and to cultivate spiritual values, science, education, sports and physical education. Originally, the concept of ‘foundation’ was an actual act of giving, rather than the commonplace association with an institution, which it is today. A foundation charter or a contract is a prerequisite for the creation of a foundation or a foundation fund. It forms the statutes of the foundation (foundation fund) and has to contain: its name, details of its founder(s), the purpose for which it has been created, the size of the initial investment each of the founders has committed to make, the number of members in the managing and supervisory boards, their details, the rules limiting its expenditure, the criteria for receiving foundation grants and the target group eligible for these grants.

## **Publicly Beneficial Organisations**

When drafting the Publicly Beneficial Organisations Act (Act no. 248/1995 coll., amended by Acts no. 208/2002 coll., 320/2002 coll. and 437/2003 coll.), the legislature’s initial intention was that publicly beneficial organisations would replace budgetary and grantfunded organisations, founded by the state or its municipal authorities. This, however, changed during the process of working on this legislation, which is why both types of organisations exist today: legal entities of the public law as well as publicly beneficial organisations within the private law. Publicly beneficial organisations are legal entities, created for the purposes of providing publicly beneficial services. However, these services are not specified by the law in any way and they are assessed by a judge during the process in which a beneficial

organisation is entered in the register. These organisations are most commonly set up in the field of education, culture, social and health care. The services offered by a publicly beneficial organisation should be offered to all users on equal terms. The target group of potential users has to be defined and the conditions under which they will receive a given service must be stated.

## **Church Facilities and Religious Organisations**

The slow passing of a law on church facilities and religious organisations (the Freedom of Religious Worship and the Position of Churches and Religious Organisations and Some Amendments Act no. 3/2002 coll., amended by the Constitutional Court's finding no. 4/2003 coll., and Acts no. 562/2004 coll. and 495/2005 coll.) brings attention to the complicated search for a consensus between the state and the churches in the Czech Republic. The bill had been rejected by both the Senate and the President before Parliament overturned their veto. A church or a religious organisation is a voluntary association, formed for the purposes of practising a particular religious belief. It always has its own structure, bodies of authority and internal rules, sometimes also religious rites and spiritual activities. It becomes a legal entity on registration, which by law requires the signatures and personal details of at least 300 Czech citizens or foreign nationals with permanent residency, all of full age. Thus registered, this legal entity can then propose the registration of a facility (of a religious order or of another kind) in which it is possible to practice a religious faith and/or provide charitable services. A special-purpose facility of a church or religious organisation, which is to provide social and health care services or act as a charity or diacony, is created once a foundation charter is signed by at least one member of a statutory body of one of the registered churches or religious organisations. This charter must contain the name, registered office and identification number of the founder, the special-purpose facility's name and registered office within the Czech Republic, and the time period for which the facility is formed (it can be an indefinite period). It needs to specify the statutory body and the personal details of its members, the way in which the annual report about the facility's activities over the past calendar year will be made public and how changes to the foundation charter and the statutes are to be approved.

## **The Limitations of Civil Society in the Czech Republic**

**Antonie Doležalová**

### **Introduction**

We all have an idea about what the term civil society encompasses. Rather than presenting a new definition of the term, this paper aims to pose a number of important questions which arise in the context of the rebuilding of civil society in post-Communist countries:

1. What is civil society and what principles characterise it?
2. What path has the process of evolution of civil society in post-communist countries followed?
3. Where is civil society placed in the spectrum between state and private institutions?
4. What degree of confidence does civil society enjoy among citizens themselves?

The hypothesis proposed here is that the Communist past is merely the stereotypical – always so readily available – explanation used when trying to rationalise why the current development of civil society is so unsatisfactory in so many ways. In other words, both the formation of civil society and its present shape are influenced by a number of factors, each being more important than the Communist past itself. There are economic, institutional and political aspects. However, in my opinion, the key issues – in the Czech setting at least – are the neglect of traditions, the absence of a clear definition of the term “public benefits” and the ways in which the not-for-profit sector is financed.

While verifying this hypothesis, it will not be called into question which institutions are part of the not-for-profit sector. However, given the manner in which this sector operates in the Czech Republic at present, the question arises whether it really can be a means to building a civil society. In her 2008 paper for the journal *International Political Science Review*, the political scientist V. Dvořáková observed that the monographs on the topic of civil society in CEE, published over the last ten years, point to an issue common to all countries of the region – that of the dilemma of reinvention versus imposition. What then are the limitations of a civil

society which oscillates between rebuilding itself, i.e. using its own potential and driving force, and implementing thoughts that are foreign to the post-Communist settings and as such hard to accept?

Once such institutional provisions are made for civil society, it bears within itself a whole range of limitations, which have not only influenced its creation but also its further development. “The neo-liberal approach toward economic transitions, entailing a very weak legal framework and weak legal constraints against conflict of interest, led to the growth of corruption and broadly based mistrust in the state, thus reproducing the attitudes present in the previous regime regarding the role of the state and politics.”

### **The first limitation of civil society lies in the lack of historical reflection**

The memory of civil society is lost, and the history of the dissidents, the discussions and the visions are no longer at the centre of public discourse. This is mainly because the process of “decommunization“ was politically misused and in some sense reproduced the culture of the past. The numerous studies of ‘transitional justice’ fail to take into account how most of the new political and economic elites view the link between the past and civil society in CEE. Western literature on CEE finds the historical roots of contemporary civil society in the reinvention of civil society in the 1970s and 1980s but in CEE this is not the usual public discourse. In fact, the younger generation know little about dissent and civil society in the 70s and 80s. The same can be said about the very beginnings of civil society, which dates back to the mid-19<sup>th</sup> century but philanthropic activities of wealthy donors (mainly aristocrats) and elementary human solidarity are easily detected centuries prior to that. They undoubtedly stem from the Christian principle of ‘love thy neighbour’, expressed by means of alms and charity. Alms are characterised as assistance to those who are worse-off than the giver and the concept of charity evolved subsequently in relation to the social sentiment among medieval people, determined by their every-day struggle to redeem their souls.

Alms represents the beginnings of the institutionalisation of altruism and the establishment of certain rules of ‘doing-good’, mutual solidarity and assistance. In the 4th century the Christians were given three ways to fulfil their fasting duties and prepare themselves spiritually for the biggest holiday of the year, Easter: fast, prayer or alms. Alms are

characterised as assistance to those who are worse-off than the given person. It is a practical expression of love towards a fellow being and thus towards God. Later on, as charity evolved, it had to do with the social sentiment among people of the Middle Ages, more commonly the city dwellers than countrymen, determined by their every-day struggle to save their soul. In practice this meant that old people without income, belongings or relatives would not die in the street. We will not find a will in which the dying person had not included the poor. By the end of the Middle Ages, perhaps in relation to the Black Death epidemic of 1347-51, organised care for the elderly, beggars, the disabled and orphans had begun to come into existence. Monastery hospitals, nunneries and municipal hospitals, founded and financed by city councils and devout individuals, were the institutions of such care. Of course this social network was very thin – most of the needy were still dependent on the institution of alms from a church or at a several occasions throughout the year, such as Easter.

Christianity has a strong social dimension. Christian philanthropy can briefly be expressed as follows: God loves me infinitely, thus I can and should love others regardless of any other criteria and in doing so emulate God (be his hands, legs and heart on Earth). Christianity, however, was far from the first intellectual or spiritual system to address the issue of helping others. It can be found in many much older cultures, in all pre-Christian religions and in the institution of a gift.

The second half of the 19<sup>th</sup> century was a period when new institutional conditions were being established and new social concepts with regards to association were being formulated. Above all, however, it was the time of industrialisation of the Austro-Hungarian Empire and saw a growing migration between the two countries and between towns and the countryside. With traditional bonds being disrupted, social enlightenment began to replace the traditional need for good neighbourly relations. This, among other things, had a significant impact on the formation of civil society, which was characterised by civil ethos and an interest in general welfare. B. Urban considers associations, municipal selfgovernment and a free press to be the fundamental pillars of civil society, which in the Czech lands came into being under relatively favourable social-economic and cultural conditions but relatively unfavourable constitutional conditions.

This paper will now address the development of the institutional conditions, which enabled associational activities to realise their potential. The institutionalisation of mutual solidarity

and assistance in the Czech lands can be traced back to the 13<sup>th</sup> century, when the first foundations emerged, supporting the church and spiritual education. Humanism, calling on its tradition dating all the way back to Plato's Academy, brought scholars together in academies and scholarly societies (so-called sodalities). Enlightenment and its social optimism led to a massive expansion of the associational movement. Although formally these associations were continuations of their older forms, they were now bearers of the message of the need to work for public benefit. They endeavoured to improve both the material and spiritual conditions of mankind, and bolster general trust in the progress and capabilities of human knowledge and in the value of education.

The rapid development of associational life in the second half of the 19<sup>th</sup> century was made possible by a shift in the government's attitude towards association of citizens. The first law regulating associational activities was passed on the 5<sup>th</sup> November 1843 as a court office decree. This decree required an association to obtain permission from the state authorities before it could be formed – depending on the kind of the association, either directly from the emperor or from the court office or the provincial authority. The Association Act of the 26<sup>th</sup> November 1852 (Act no. 253/1852 emp.c.) followed the Interim Association Act of the 17<sup>th</sup> March 1849 and constituted in many ways a return to the practice of the 1843 law, which was contingent upon permission. It enabled the creation and activities of associations with voluntary membership, was amended on the 15<sup>th</sup> November 1867 by the Right to Association Act (no.134/1867 emp.c.) and became part of the Constitution in December of the same year. This law survived the demise of the empire, the First Republic as well as the arrival of Communism. It was replaced on the 12<sup>th</sup> July 1951 by the Voluntary Organisations and Assemblies Act no. 68/1951 coll., which gave the state the power to see to it that voluntary organisations worked “in accordance with the principles of the people's democracy and democratic centralism”. It was not until November 1989 that conditions again became favourable for the development of associational activities. A law concerning civil organisations (the Association of Citizens Act no. 83/1990 coll.) was among the first to be passed.

Association and self-help tendencies of the 19<sup>th</sup> century were undoubtedly closely linked to the economic and political emancipation of urban society and to the National Movement. These national and self-help pursuits anchor philanthropy at the level of self-government. In

the Czech setting, self-government is a significant feature of the legal framework of the Austrian state and a typical expression of the developing liberal society. The legal organization of the state and existence of the fundamentals of a liberal civil society within individual countries had allowed individual nations to create institutions designed to assert their own goals, even in the absence of a nation-state. Without a doubt, the institutionalisation of philanthropy was one of them. Since civil society needed to be literate, it was natural and understandable that education and knowledge were areas which the wealthy (the aristocrats but also the nouveau riche, i.e. Czech bourgeoisie) turned their focus to.

The institutional base on which such institutions were built were often associations. Associations typical for the Czech lands are those which acted within the spheres of education and culture and aimed to spread education and public awareness. The founding of associations intensified in the Czech lands in the 1860s, after the political situation had eased. Consumption, production and credit cooperatives had been forming under the Associations Act no. 253/1852 emp.c. but the desired boom was only made possible by the so-called Cooperative Act no. 70/1873 emp.c., whose creation and promotion was overseen by Antonin Randa (1834-1914), a lawyer and later the rector of the Czech part of the Charles-Ferdinand University in Prague.

The rapid development of associational life in the second half of the 19<sup>th</sup> century called for changes in legislation. The first law regulating associational activities was passed on the 5<sup>th</sup> November 1843 as a court office decree. This decree required an association to obtain permission from the state authorities before it could be formed – depending on the kind of association, either directly from the emperor or from the court office or the provincial authority. The Association Act of the 26<sup>th</sup> November 1852 (Act no. 253/1852 emp.c.) followed the Interim Association Act of the 17<sup>th</sup> March 1849 and in many ways constituted a return to the practice of the 1843 law, which was contingent upon permission. It enabled the creation and activities of associations with voluntary membership, was amended on the 15<sup>th</sup> November 1867 by the Right to Association Act (no.134/1867 emp.c.) and became part of the Constitution in December of the same year. This law survived the demise of the empire, the First Republic as well as the arrival of Communism. It was replaced on the 12<sup>th</sup> July 1951 by

the Voluntary Organisations and Assemblies Act no. 68/1951 coll., which gave the state the power to see to it that voluntary organisations worked “in accordance with the principles of the people’s democracy and democratic centralism”. The introductory clause in the instructions to this law stated: “The focal point of association within the people’s democracy is transferring to the mass organisations. Empty and self-serving forms of Bourgeois association are becoming an anachronism”. It was not until November 1989 that conditions again became favourable for the development of associational activities. A law concerning civil organisations (the Association of Citizens Act no. 83/1990 coll.) was among the first to be passed.

With the continued institutionalisation of philanthropic activities the state began to take over some of the tasks of mutual help and solidarity. Paradoxically, as state offices flourished, individual solidarity declined and private philanthropic endeavours came to be regarded as complementary to state activities. As state offices flourished, individual solidarity may have paradoxically declined. This gives rise to uncomfortable questions: Is the loss of solidarity not too high a price to pay for modernisation and economic development? How much room for philanthropy do individual members of society have and what are their motivations? What is the impact of the state crowding out citizen involvement (both individual and collective)? Are finite financial resources divided? Private philanthropic activities become complementary to the state activities.

### **The second limitation of civil society: the absence of a clear definition of what constitutes public benefits**

There is a Czech law which regulates all types of non-profit organisations. One of its first articles refers to public benefits but the law does not define the term any further, nor is it defined by any other law. The Czech government is working on rectifying the situation.

If the term “public benefits” is to have any status, it must be founded upon a clear meaning – the term “public” needs to be clarified, as do the types of benefits and their role, their legal regulation and its repercussions and, above all, the balance between benefits and obligations of such institutions must be set. As Nilda Bullain from the European Centre for Not-forprofit Law points out, in WE this term is traditionally understood to mean that which is beneficial

for the society, community, people and citizens, whereas in CEE it refers to that which is beneficial (and supported by) the state and the government.

This differentiation is rooted in the continuity of the philanthropic culture in WE and its discontinuity in CEE. Even tax relief has failed to activate a membership base and donors in CEE and setting up commissions (Moldova) or ministries (Bulgaria and Romania) has had no success either. Such attempts have revealed that there is a shortage of experts at the government level coupled with a tendency to give preference to NGOs, which have informal ties to governmental structures.

There is another, more profound and philosophical aspect of the so-called public benefits. If it is society which decides what is good and what is bad, and if it is society which endorses positive attributes, then it also holds that until society gives certain conduct a value, it does not possess it. Firstly, good thus becomes society's "hostage" – the part of society that makes decisions about what (most) people think. Society decides by means of conscious approval in elections and the mass media. Advertising and other factors that influence public opinion also play their part. Secondly, and more importantly, the institutional practice is such that it is the benefactors, not the beneficiaries, who decide what is good.

Good and moral virtues can proliferate, if incarnated in not-for-profit sector institutions. From the point of view of an individual giving assistance, they can be a source of activity, satisfaction and of social recognition, while for someone who needs assistance they can be the last resort. Furthermore, by joining the group everyone can strengthen their position within society and thus their negotiating position in defending their own interests. One of the main reasons for an extensive discussion about the need for the civil sector is its usefulness, which so often cannot be replaced by either market or state. There are certain approaches in which civil society and the not-for-profit sector do not necessarily overlap. We can, for instance, distinguish between the so-called pure non-profit organisations and mediating ones. Voluntary associative relationships predominate within the former and membership in them is regarded as a sign of a developed civil society. Unions and political parties come under the category of the latter and membership in them may not be an indication of the development of civil society.

**The third limitation of civil society lies in the civil society's expenses, i.e. the way they are financed.**

The manner in which civil societies in the Czech Republic are financed suggests that nonprofit organisations form a specific, third sector of the economy. There are three types of sources which the not-for-profit sector in the Czech Republic can access: state, private and its own. When compiling their income sources, non-profit organisations opt for particular strategies, determined by:

- their familiarity with the issue which is the focus of their activities
- their familiarity with the environment in which they operate
- their knowing the target groups well (both among the recipients of their services and among those who they obtain resources from)
- the sources available in the relevant economic setting

By far, they most commonly turn to state resources – the national budget and EU structural funds. There is an additional, specific tool in the Czech Republic, the so-called Foundation Investment Fund (FIF). It played a vital role in creating strong foundation wealth but, unfortunately, still represents most of the registered foundation wealth of the Czech foundations. Grants from FIF came in two stages – in 1999 and 2001. In the first wave, 500 million CZK were allocated to 39 foundations, and one foundation rejected a grant of approximately 16 million CZK. In the second wave, 64 foundations received 849,3 million CZK. Only foundations that had fulfilled certain criteria could take part in the selection procedure, e.g. those who were involved in beneficial activities worth a certain (unspecified) amount. It was primarily large foundations which profited and smaller foundations were forced out of the game. With two exceptions, not only has the foundations' wealth not increased in the last decade, in real terms it has actually decreased, and it is these foundations which are most frequently the recipients of state subsidies.

Public collections feature strongly among private resources, while a group of wealthy “donors” is establishing itself very slowly. On the one hand, private donorship has displayed a promising trend over the last seven years, the annual growth figures being at least 10%. On the other hand, only 140,000 tax payers claim tax relief for their gifts. Similarly to the countries with a long tradition of philanthropy, even in the Czech Republic people in the

lowest income bracket give (relatively to their incomes) the most. Thus, there is great potential for the number of donors and the volume of gifts to grow. In 2007, 35% of all the gifts came from people (private individuals) with a taxable income below 250,000 CZK; on average they gave away 4.1% of their taxable income, amounting to 6,320 CZK per person for beneficial causes. In the same year, those with a taxable income greater than 600,000 CZK gave away on average 1.8% of their taxable income, i.e. supported charitable causes by donating 32,306 CZK each, and their share in the total volume of private donorship was 34%.

We must remember that organisations within the not-for-profit sector also have their own sources of wealth. After all, they enter the market offering specific goods and services. However, a majority of non-profit organisations struggle in this area as they lack sufficient knowledge of the market environment, marketing skills and the resources needed to market their products efficiently.

The manner of financing is also affected by tax support for undefined public benefits, although as previously indicated, this is more likely to be true on a theoretical level. It comes in the shape of either decreasing the taxable base (by 30% or 1 mil. CZK) or deducting gifts from the taxable base of physical as well as legal entities (for physical entities the allowances are: max. 2% or 1,000 CZK, max. 10% to finance science, research and police, for legal entities the figures are: min. 2,000 CZK, max. 5%, but up to 10% for gifts to universities and science institutions).

However, the key issue with the way in which the not-for-profit sector is financed— and this is not limited solely to the Czech case – stems from the lack of history mentioned earlier. People tend to assume that the way things are organised may not be ideal but it is the only possible way and, more importantly, it is unchangeable. Consequently, the not-for-profit sector as we know it from our every-day lives, not only in the Czech Republic but also in other post-Communist countries, is seen as necessary (and permitted by law) but merely complementary to the private and state sectors. A closer look into history will reveal that these perceptions may be mistaken. It is obvious that all the activities in the fields of social care, health or education, which are now provided for by the state, had until recent history been undertaken by the private sector or by voluntary associations.

For the state to be able to even begin to influence these areas, it first needed to obtain a permanent source of income. The national budget began to take on its current shape at the turn of the 17<sup>th</sup> and 18<sup>th</sup> centuries. It was seen as a monetary fund and was later expanded by so-called special-purpose funds, the most significant of which built upon the reforms of Maria Theresa and Joseph the II. It was then that the state first adopted responsibilities, for the fulfilment of which it gathered resources in these funds. Michael Foucault would have approved – funds for the purposes of schools, hospitals, maternity clinics, orphanages, mental asylums and jails were among the first to be set up. That said, the newly established state institutions did not automatically replace the private ones. In fact it was only the social reformism of the interwar period that brought about dramatic changes. The state was becoming involved in an ever widening range of social issues – transferring schools into state ownership, introducing compulsory insurance, creating state health care treasuries and some of the newly founded non-profit organisations were to support the state sector. This clearly demonstrates the apparent shift in the way philanthropy was viewed during the First Republic – from a private initiative in its own right to a complementary function of the state, i.e. activities whose purpose was to support the state. Through this process (and not only after 1948, as is commonly perceived) the state started, perhaps unknowingly but systematically, to displace inter-personal solidarity. This solidarity originates in our need for altruism and simultaneously proves that such a need exists. Altruism and pure solidarity ceased to be a means of seeking one's own identity as the state assumed the main role in this area, becoming the greatest “altruist”, giving out gifts to its citizens using resources that it had collected from them in the first place.

## **Conclusion**

Firstly, we can answer the question: where is civil society historically placed in the spectrum between state and private institutions? It is obvious that NGOs have more in common with the institution of the market than that of the state. Market institutions use profit as the main indicator of their efficiency. They obtain vital signals for their work both in advance, from their customers and by searching for areas of unmet demand, as well as ex post facto by looking at their profits and the changes in the value of their shares. In the same way as NGOs, they are based on voluntary membership and competition. The state is fundamentally

involuntary, it has a power monopoly over a given territory and is the only body capable of forcing others to (not) act in a certain way. Like the state, the NGOs are driven by other than profit motives. Every philanthropic activity, however, is ‘tit-for-tat’ – be it that the return is purely a good feeling. Thus, no act of philanthropy and benefaction is a market institution as such; the price is not a deciding criterion for effective allocation of resources. However, in no way is it an institution of the state sector either. Here we are faced with a problem since some organisations with these traits can be labelled as beneficial, while others may have the opposite quality. Therefore, the value of other people’s lives and freedom has to be acknowledged as an inherent attribute of the human being and included among the main characteristics of institutions of altruism. What is meant by freedom is not that “my freedom ends where others’ begins” but freedom in a sense of respecting the fact that one is alive not thanks to themselves but to living in a society. With these characteristics NGOs become sovereign categories of civil society and as such have more in common with market organisations than with the state.

Secondly, what degree of confidence does civil society enjoy among citizens themselves? Civil society, which evolves in the presence of such great limitations, is inevitably weak. The same degree of fragility, vulnerability and lack of grounding that accompanies the creation of democracies, influences the development of civil society as well. I am not referring to the variety or quantitative indicators of growth of the institutions of civil society, nor to the quantitative analysis of completion of tasks, which these institutions aim to carry out. I am talking exclusively about how well anchored the institutions of civil society are within the society itself and how civil society is perceived by the population. I.e. what degree of confidence it enjoys and how willing the people are to participate in the process of building it – voluntarily and without claiming anything in return. Last but not least, even after 20 years of evolution, civil society’s fragility manifests itself in the quality of the information channels between its institutions and the population and the institutions and the state. This fragility is also apparent from how these channels are used to convey and share information, to debate, and from whether the institutions are able to use these channels for the purpose of asserting their interests.

Historical limitations do not stem from a lack of history but from the insufficient knowledge of history. Institutional limitations do not lie in the non-existence of a legal framework but in the unwillingness on the part of a large proportion of non-profit organisations (especially grant-funded organisations) to make full use of this framework. It also lies in the reluctance of citizens to act as citizens and understand their citizenship as an every-day referendum. In a 1998 study, 55% of the 1,050 non-profit organisations interviewed complained about poor public awareness, 24% felt that the public treated them with mistrust and suspicion and 15% even found the public's attitude hostile. A similar study was carried out in 2009 and claimed that the perception of non-profit organisations tended to be positive, which seems curious when confronted by the fact that only 47% of the population donated money at least once a year to a non-profit organisation (STEM, 2004). The respondents looked upon financial donations as morally right but few of them ever made any.

Thirdly, the most important question asked at the beginning of this paper was whether or not the not-for-profit sector, operating in the manner it does, can be a means to building a civil society. To recapitulate, civil society here refers to a civil society whose institutions are private and independent of the state. They are market institutions, although their profit is not defined in financial terms. Citizens' activities within these institutions are voluntary, founded upon the principles of solidarity, mutual help and doing good. At the same time, this civil society respects human freedom and people within it are aware of their responsibilities towards others.

The Czech Republic has a civil society, which is dependent on the state, suffers from poor and often insufficient legislation and an environment of corruption. It depends financially on state and European resources and the level of the citizens' involvement as active members within institutions of civil society or as donors is very low.

A question suggests itself here, in place of a conclusion: is there a way out? My answer is maybe sentimental. I will make a tentative claim that the key lies in one of the abovementioned limitations of civil society. We need to learn about our past and traditions to help us accept challenges, which appear "too Western". In reality, these challenges are rooted in our own traditions, though they may have been forgotten. This is something that we as

social scientists can do, without allowing ourselves to be lured into the mainstream trap and political clichés.

## **Management of Czech NGOs**

**Ivana Plechatá**

### **Diversity of Czech NGOs and how this heterogeneity interacts with management and structure**

NGO sector in the Czech Republic is very diverse. There are thousands of Associations (from very small ones based on local level, to large professional organizations with national or even international impact), hundreds of Foundations and Foundations Funds and hundreds of Public benefit corporations. Each of these entities requires different type, size and character of management. Some basic requirements are legal oriented and each organization has to follow the law. Most of internal rules come from particular needs of an organization and other aspects like the follows:

- Size, structure, purpose, cultural environment of the organization
- Statute, functional chart and structure, competency chart, economic chart, job description and many other internal directions...
- Formal vs. Informal sense in the organization
- Role of leader or founder
- Type of Statutory and Executive management

It is natural that some small Association on local level which is focused on short term goal like planting trees in a village park and run by volunteers only is not going to create a formal management structure and complicated internal rules. On the other hand it is a necessary even for such a small group of people (if they decide to formalize their work) to follow some basic legal requirements.

On the other hand when a Public benefit corporation runs a big social facility for seniors, there will be a very similar professional management structure and sophisticated internal rules like in any public or business company.

### **Leadership in the Czech NGOs now and before**

A **leader** is one who influences or leads others.

**Leadership** has been described as “a process of social influence which one person can enlist the aid and support others in the accomplishment of a common task.”

Effective NGO leaders are able to balance a range of competing pressures from different stakeholders in ways that do not compromise their individual identity and values.

The Leadership role is evolving in time very significantly. Czech NGOs only very slowly and time to time also painfully abandon purely enthusiastic way of leadership and company running and replace it by more professional management and leadership. How difficult is to find a real leader describes statistical data which shows that only 2% of managers can be leaders as well.

In early 90., there was quite a frequent a leader with a very strong vision supported by charismatic personality who was extremely empathic, enthusiastic and hard working – 12 hours a day with no problem, oriented primarily on provided services and activities and lead by intuition mainly. Those people had a pivotal role in NGO development in years just after political changes in 1989. Although those leaders were quite crucial in that particular historical time, their attitude had also negative aspects what can be define as:

- lack of formal education,
- lack of financial capability and knowledge,
- absence or very poor knowledge of fund raising strategies, strategic planning, personal management or crises management.

Most of Czech NGOs had to overcome this childhood period either with or already without those charismatic leaders.

**Requirements on new NGO´s leaders could be describe as follows:**

- Vision and realistic strategy how to implement it
- Ability to innovate
- Ability to take adequate risk
- Capability to lead an organization to sustainable growth
- Excellent communication skills
- 

**Newspaper Fortune defines 7 important characteristics of successful leader:**

- a) Has a strong vision and ability to share it.
- b) Ability to rely on his/her staff and to delegate responsibility.
- c) To be authoritarian in crises situations.
- d) To be not afraid of crises situation.
- e) To be competent in a scope of his/her own responsibilities.
- f) In making decision, anticipating conflict statements.
- g) Is capable to observe problems in broader context.

Leadership style is the unique way how he/she behaves towards other people. Usually it is a combination of directive and supportive acts. Directive part is focused on how the task perform, the supportive one aims on how to motivate people, how to develop relations, feelings towards the common goal. Part of acting as a leader is also to listen to people who are involved, to inspire courage and connecting people.

### Goleman's Six Leadership Styles

	Modus operandi	Style	Emotional intelligence competencies	When the style works best
<b>Coercive</b>	Demands immediate compliance	Do what I tell you	Drive to achieve, initiative, self-control	In a crisis, to kick-start a turnaround, or with a problem employee
<b>Authoritative</b>	Mobilises people towards a vision	Come with me	Self-confidence, empathy, change catalyst	When changes require a new vision, or when a clear direction is needed
<b>Affiliative</b>	Creates harmony and builds emotional bonds	People come first	Empathy, building relationships, communication	To heal rifts in a team or to motivate people during stressful circumstances
<b>Democratic</b>	Forges consensus through participation	What do you think?	Collaboration, team leadership, communication	To build or buy in consensus, or to get input from valuable employees
<b>Pacesetting</b>	Sets high standards for performance	Do as I do now	Conscientiousness, drive to achieve, initiative	To get quick results from a highly motivated and competent team
<b>Coaching</b>	Develops people for the future	Try this	Developing others, empathy, self-awareness	To help an employee improve performance or develop long-term strengths

Source: Goleman, D, 2000, *Leadership that gets results*, in the Harvard Business Review, March-April, 78-90

### **Statutory vs. Executive management**

Czech legislation clearly determines legal responsibilities of a statutory body in each legal NGO entity (Association, Foundation or Foundation Fund and Public Benefit Corporation). In a **Foundation (Foundation Fund)** is the statutory body a Board of Directors (Trustees). In a **Public Benefit Corporation** is a statutory body **Director (CEO)** although it has also its own Board of Directors and Supervisory Board with a very similar responsibility as in the case of Foundations.

**Board of Directors** has main responsibility in following areas:

- Formulation of a Vision, Mission, Values including monitoring and evaluating of its implementation
- Formulation of a strategy (incl. monitoring)
- Director appointment and his/her support
- Monitoring of activities and services in face of long term Mission
- Annual Budget approval and check-up
- Participation in internal rules (organization chart) set up
- Members should participate on operative tasks like Public Relations or Fundraising
- Crises solving

According J. Turnerová, there are **four main roles of Board of Directors** members:

- a) Leading role – to manage considerable authority as a vision wearer
- b) Sponsor – to assist to attract donors and bring recourses
- c) Ambassador – to represent an organization at public and create its image
- d) Consultant – to give expertise in particular field where the organization is active in

In **Associations**, there is a **General Assembly** (meeting of all members) a supreme body of the organization. This General Assembly (GA) is responsible for the most important decisions in the name of the whole organization. GA approves mainly:

- Annual Report, Budget and Financial Report.
- Votes for members of the Executive Committee and Supervisory Committee.
- Strategy and Annual Activity Plan.

**Executive Committee** (supreme body in time between two Assembly meetings), what operates as an executive management has a depute power mainly in:

- Coordinating of all activities and projects
- Voting for its Chair
- Preparing papers for a General Assembly meetings
- Selection and appointment of Director

**Executive management** is usually run by a Chief Executive/Director/General manager who is responsible for short-term decisions, daily operations, activities, projects and programmes including human, finance and material resources distribution. Other tasks are as follows:

- Create a Vision and motivate, persuade, inspire, share the Vision with others.
- Responsibility for day to day work (operational management), short term decisions (programs, products, services, projects, human resources distribution, distribution of financial and technical resources), including responsibility for all processes legality.
- Operational Planning (Annual Budgets, Plans, Priorities, cash – flow development).
- Operational management /leadership (meetings, minutes, reports...).
- Personal management and leadership (financial and non-financial motivation, Educational plans, Personal Objectives set-up...).
- Communication with the BOD/Trustees) and other important stakeholders.

In the Carver's model (Craig, 2003) there are outlined very clearly borders between statutory and executive management (or a leadership) in an NGO organization. Board of Directors competence remains primarily in an area of strategy and concept formulation, while Director/CEO is solely responsible for strategy and vision implementation and execution.

On contrary a new model implicates, that the borders of competence are less important then question of importance and priorities for particular organization. If we accept the new model, CEO and other members of the top management should be actively involved in discussions on strategic and long-term topics and on the other hand, Board of Directors members could be invited to participate in everyday activities like fundraising, public relation etc., when these activities are crucial for an organization.

### **Basic managerial duties in every NGO**

There are some basic managerial activities which should be executed, without regard to NGO size, legal lay out, orientation or scope of interest, I each organization. There is no need to have a crowd of employees or volunteers to secure these duties but there have to be a clear idea how these responsibilities will be performed and by whom.

Some small entities will have only one manager (even part time or serving as a volunteer) who has to carry out all managerial responsibilities, while some big professional NGO will have a whole hierarchy of a vertical administrative structure with an organization chart, detailed job description, personal objectives, system of controlling, supervision etc. To be successful, effective and transparent, each NGO should somehow perform activities like:

- project planning with detailed project goals, activities, outcomes (medium size and large NGOs with a broader scope of activities should work with strategic plans where vision and mission of organization is obvious),
- financial planning and supervision,
- personal planning or volunteers coordination
- public relation/ internal communication/communication with all stakeholders · fundraising.

### **Project Cycle Management – the main task of each manager in NGO**

**Project management** is the discipline of planning, organizing, motivating, and controlling resources to achieve specific goals.

A project is a temporary endeavour with a defined beginning and end (usually timeconstrained, and often constrained by funding or deliverables), undertaken to meet unique goals and objectives, typically to bring about beneficial change or added value.

The primary challenge of project management is to achieve all of the project goals and objectives while honouring the preconceived constraints. The primary constraints are scope time, quality and budget. The secondary —and more ambitious— challenge is to optimize the allocation of necessary inputs and integrate them to meet pre-defined objectives.

#### **The traditional approach**

A traditional approach, which is usually used in NGO sector, identifies a sequence of steps to be completed. In the “traditional approach”, five developmental components of a project can be distinguished (four stages plus control):

##### I. initiation

- II. planning and design
- III. execution and construction
- IV. monitoring and controlling systems
- V. completion

## I. **Initiation**

The initiating processes determine the nature and scope of the project. If this stage is not performed well, it is unlikely that the project will be successful in meeting the needs. The key project controls needed here are an understanding of the external environment and making sure that all necessary controls are incorporated into the project. Any deficiencies should be reported and a recommendation should be made to fix them.

**The initiating stage should include a plan that encompasses the following areas:**

- analyse the problem which should be solved needs/requirements in measurable goals
- reviewing of the current operations
- financial analysis of the costs and benefits including a budget
- stakeholder analysis, including users, and support personnel for the project
- project charter including costs, tasks, deliverables, and schedule

## II. **Planning and design**

After the initiation stage, the project is planned to an appropriate level of detail. The main purpose is to plan time, cost and resources adequately to estimate the work needed and to effectively manage risk during project execution. As with the Initiation process group, a failure to adequately plan greatly reduces the project's chances of successfully accomplishing its goals.

**Project planning generally consists of:**

- determining how to plan (e.g. by level of detail or rolling wave);
- developing the scope statement;

- selecting the planning team;
- identifying deliverables and creating the work breakdown structure;
- identifying the activities needed to complete those deliverables and networking the activities in their logical sequence;
- estimating the resource requirements for the activities;
- estimating time and cost for activities;
- developing the schedule;
- developing the budget;
- risk planning;
- gaining formal approval to begin work.

Additional processes, such as planning for communications and for scope management, identifying roles and responsibilities and holding a kick-off meeting are also generally advisable.

### **III.Executing**

Executing consists of the processes used to complete the work defined in the project plan to accomplish the project's requirements. Execution process involves coordinating people and resources, as well as integrating and performing the activities of the project in accordance with the project management plan. The deliverables are produced as outputs from the processes performed as defined in the project management plan and other frameworks that might be applicable to the type of project at hand.

#### **Execution process group include:**

- Direct and Manage Project execution
- Quality Assurance of deliverables
- Acquire, Develop and Manage Project team
- Distribute Information
- Manage stakeholder expectations ·

Conduct Procurement

#### **IV. Monitoring and controlling**

Monitoring and controlling consists of those processes performed to observe project execution so that potential problems can be identified in a timely manner and corrective action can be taken, when necessary, to control the execution of the project. The key benefit is that project performance is observed and measured regularly to identify variances from the project management plan.

##### **Monitoring and controlling includes:**

- Measuring the ongoing project activities ('where we are');
- Monitoring the project variables (cost, effort, scope, etc.) against the project management plan and the project performance baseline (*where we should be*);
- Identify corrective actions to address issues and risks properly (*How can we get on track again*);
- Influencing the factors that could circumvent integrated change control so only approved changes are implemented.

In multi-phase projects, the monitoring and control process also provides feedback between project phases, in order to implement corrective or preventive actions to bring the project into compliance with the project management plan.

##### **Project maintenance is an ongoing process, and it includes:**

- Continuing support of end-users
- Correction of errors
- Updates of the software over time

##### **Monitoring and controlling cycle**

Over the course of any construction project, the work scope may change. Change is a normal and expected part of the construction process. Changes can be the result of necessary design

modifications, differing site conditions, material availability, contractor requested changes, value engineering and impacts from third parties, to name a few.

Beyond executing the change in the field, the change normally needs to be documented to show what was actually constructed. This is referred to as change management. Hence, the owner usually requires a final record to show all changes or, more specifically, any change that modifies the tangible portions of the finished work. The record is made on the contract documents – usually, but not necessarily limited to, the design drawings. The end product of this effort is what the industry terms as-built drawings, or more simply, “as built.” The requirement for providing them is a norm in construction contracts.

When changes are introduced to the project, the viability of the project has to be reassessed. It is important not to lose sight of the initial goals and targets of the projects. When the changes accumulate, the forecasted result may not justify the original proposed investment in the project.

## **v. Closing**

Closing includes the formal acceptance of the project and the ending thereof. Administrative activities include the archiving of the files and documenting lessons learned.

### **This phase consists of:**

- **Project close:** Finalize all activities across all of the process groups to formally close the project or a project phase
- **Contract closure:** Complete and settle each contract (including the resolution of any open items) and close each contract applicable to the project or project phase.

## **Risk management**

**Murphy's law** is typically stated as: “Anything that can go wrong, will go wrong”.

In practice it means that most of people tend to overestimate our capacities and knowledge and underestimate problems. Risk in project management is everything that can appear during a project and compromise its implementation and success. To manage risks is very important in each project. To be able to work with risks, they have to be formulated and described. When risk analyses is done, risks can be either eliminated or minimized.

### The **Logical Framework Approach** (LFA)

LFA is a management tool mainly used in the design, monitoring and evaluation of [international development](#) projects but nowadays it is broadly used also for other NGO projects. The Logical Framework Approach is a project design methodology, the LogFrame is a document – final product of the logical thinking about particular project design.

The Logical Framework takes the form of a four x four project table. The four rows are used to describe four different types of events that take place as a project is implemented: the project *Activities*, *Outputs*, *Purpose* and *Goal* (from bottom to top on the left hand side — see EC web site as under external links).

The four columns provide different types of information about the events in each row. The first column is used to provide a *Narrative* description of the event. The second column lists one or more *Objectively Verifiable Indicators* of these events taking place. The third column describes the *Means of Verification* where information will be available on the OVIs, and the fourth column lists the *Assumptions*.

Assumptions are external factors that it is believed could influence (positively or negatively) the events described in the narrative column. The list of assumptions should include those factors that potentially impact on the success of the project, but which cannot be directly controlled by the project or program managers. In some cases these may include what could be *killer assumptions*, which if proved wrong will have major negative consequences for the project. A good project design should be able to substantiate its assumptions, especially those with a high potential to have a negative impact.

54 Inovace studijního programu Ekonomie a hospodářská správa s akcentem na internacionalizaci výuky, individuální práci se studenty a praxi. CZ.2.17/3.1.00/33332