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**NON-GOVERNMENTAL ORGANIZATIONS
IN SOCIAL SERVICES IN POLAND
DURING THE TRANSFORMATION PROCESSES
OF THE POLISH ECONOMY**

This paper presents the problems of the development and roles of private non-profit organizations in the Polish economy after the transformation process. The Author shows the main functions of this organization and their classification. On the basis of statistical data this paper demonstrates the growth of the organizations, the dynamics of establishing, their fields of activities, and sources of financial support in Poland.

INTRODUCTION

The transformation of Poland's social and economic systems have been taking place since 1989. In the transformation processes, there are economic, financial and social barriers to the development of organizations (private or public), which provide social services. In spite of difficulties, the development of private non-profit organizations has accelerated in Poland from this time.

The privatization in the social services sector was an important element in the creation of a market economy, as it concerned the kind of needs, which, according to public opinion, should be discharged by the state. The new market rules changed the forms of ownership and methods of financing with relation to the majority of organizations providing social services. They also led to the emergence of new, profit-oriented private companies in this sector, as well as organizations with a social, municipal or public status.

Currently in Poland the social services may provide citizens with three types of institutions:

- public organizations,
- private business organizations,
- non-governmental organizations (NGOs).

The public and non-governmental organizations are non-profit institutions. In Poland, public organizations are re-evaluating their roles and the role of the

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social services sector. Private non-profit organizations (NGOs) and private business companies are on the increase.

In my paper I present the problems of developing non-governmental organizations – NGOs (or private Non-Profit Organizations - NPOs) in Poland as institutions providing social services.

1. NON-GOVERNMENTAL ORGANIZATIONS – CHARACTERISTICS

Private non-profit organizations (NGOs) exist for purposes other than profit-making (Hansmann, 1980 pp. 835-901; Drucker, 1997 p. 7). They offer public goods, for example education, culture, art, health care, tourism and social security (Rados, 1996, p. 220; McCarthy, 1992, p. 29; Bowen, 1994, p. 5). They are creatures of economic forces and the needs of society. They play a great role in the market economy (Hammack, 1993, p. 23; Ben-Ner, 1986; Salamon, 1987). They provide social services and help local government to cover the needs of citizens (Kramer, 2000 pp. 1 - 23).

The measure of profit organizations is profit, which is distributed among owners. But non-profit organizations have their successes in: providing services, covering citizens needs, performance of missions and fund raising.

So we can show five functions of non-profit organizations (Fric, 1999, p. 2):

1. The function of providing services,
2. The innovative function,
3. The advocacy or social change function,
4. The expressive and leadership development function,
5. The community – building and democratising function.

The main function of these organizations is providing various services not only for their members but also for special focus groups as (see fig.1):

- customers (users of services),
- public, including contributors and volunteers,
- trustees, who participate in the management of the organization,
- society, which is affected by the activities (Kotler, 1982, p. 482).

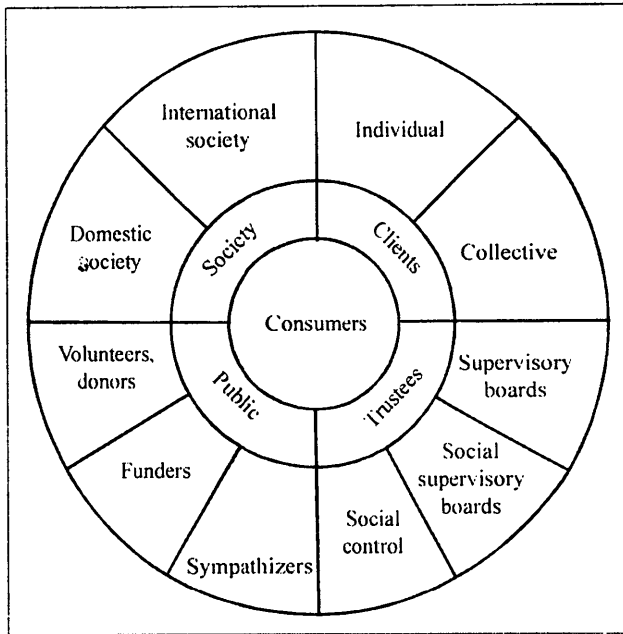


Fig. 1. The classification of the consumers of non-profit organizations
Source: Author's own.

The primary aim of non-profit organizations is to satisfy the wants of all the consumers (Drucker, 1989, p. 88).

In the literature of economics there are many ways of classifying non-profit organizations, which attests to the diversity of their structures (O'Connell, 1991, p. 41; Hansmann, 1980; Hannagan, 1993, p. 7; Kotler, 1982, p. 480; McLeish, 1995, p. 221; Rados, 1996, p. 11). Figure 2 shows a synthesis of proposed classifications of non-profit organizations, from the point of view of product criteria, sources of financing, forms of ownership and management (Iwankiewicz-Rak 1997).

According to this figure, from the form of ownership point of view, the organizations may be public or private. In practice, the organizational structure of non-profit organizations may take multiple forms. This diversity results from the spontaneous character of their creation and the need for these institutions to adapt to the changing conditions in the process of performing their tasks.

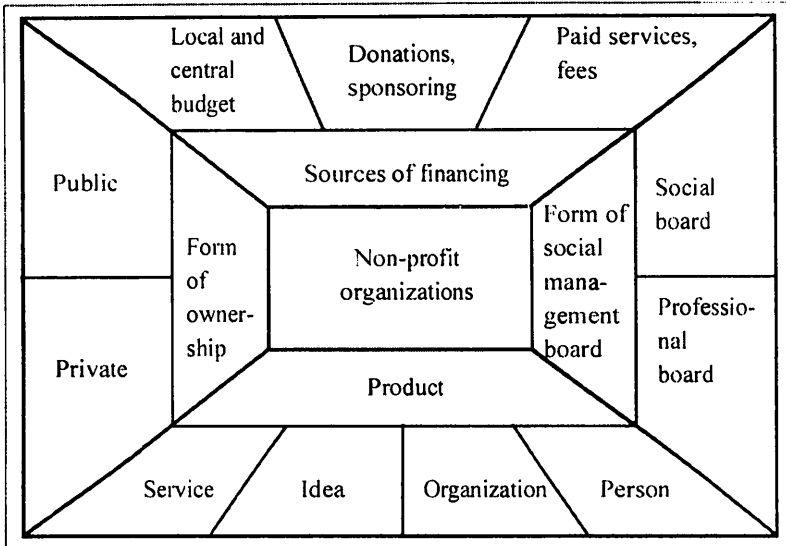


Fig. 2. Classification of non-profit organizations

Source: B. Iwankiewicz-Rak: *Marketing of Non-Profit Organizations. How to Adopt in Poland*. AE, Wrocław 1997 p. 156.

The product of a non-profit organization may be a service, an idea, an organization or a person; while the sources of financing may be contributions or subsidies from the central or local budget as well as private capital, donations, social work, revenues from a business activity (extra statutory) and fees charged from their members or stakeholders (Young, 1982; Hannagan, 1993).

With respect to the organization form, the governing body of the organizations in question may be a professional board (appointed by the founders and consisting of specialists) or a social board (selected from among the organization's members or its supporters).

2. THE DEVELOPING OF NON-PROFIT ORGANIZATIONS (NGOs) IN POLAND

The legal regulations of the transformation period in Poland encourage the development of voluntary associations and foundations that besides providing social services, also conduct profit-oriented activities (Ilczuk, 1995).

Figure 3 shows the dynamics of non-governmental organizations in Poland. It shows the creation of these organizations each year from 1973 to 1997. It demonstrates that most private non-profit organizations and foundations were established in the period between 1991 and 1993. Also, the increase of number of these organizations was lower because the regulations of its registration were more restrictive. At present only those organizations which are registered guarantee providing services of high quality.

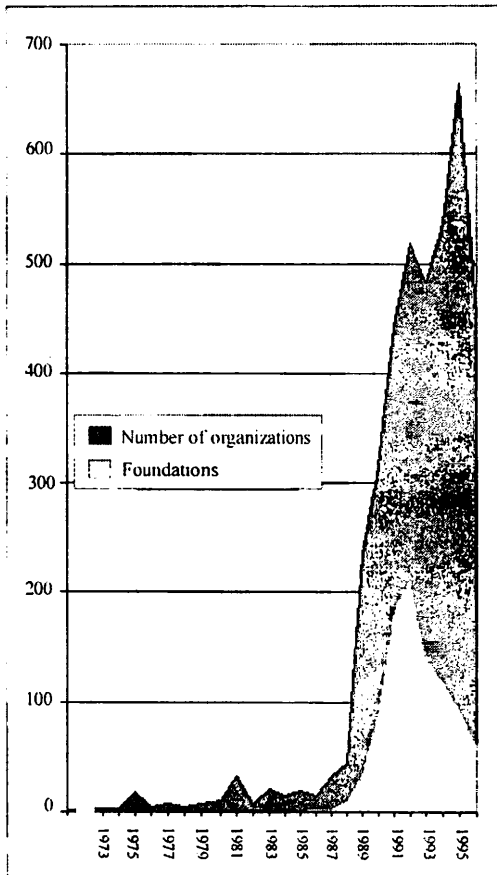


Fig. 3. Number of non-profit organizations, which were set up in Poland in years 1973–1997.

Source: The basic statistics concerning activities of Non Governmental Organizations in Poland. KLON/JAWOR, Warszawa 1998 (in internet: www.klon.org.pl)

In 1999 in Poland there were 46,640 private non-profit organizations officially registered (Information from: KRUPGN-REGON. Wrocław WUS,

2000). The main types of these were: associations, social organizations and foundations. The number of each type were as follows:

- associations 33,556,
- social organizations 7,623,
- foundations 5,461.

The highest number of non-profit organizations (NGO's) were established in the Mazowieckie and Śląskie voivodships (see fig. 4).

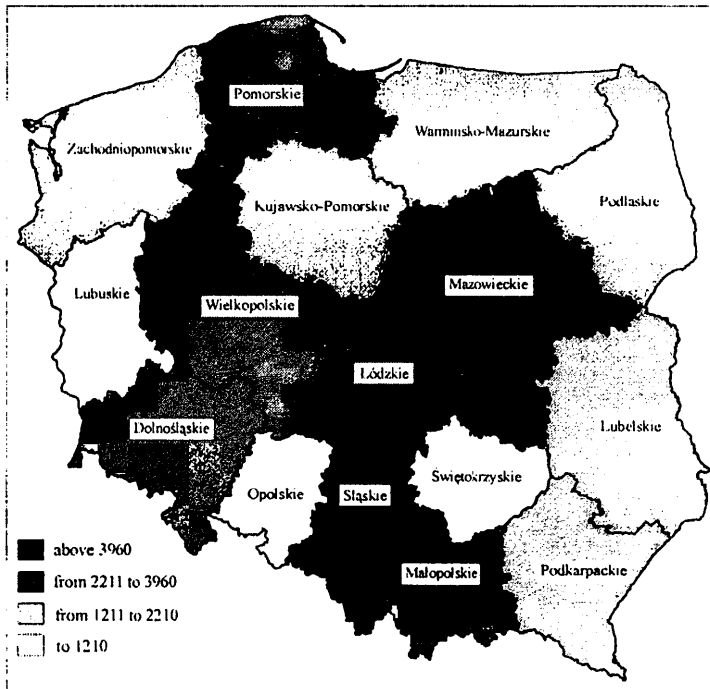


Fig. 4. Associations and social organizations in Poland in 1999 by voivodship.

Source: On the base of statistic system KRUPGN-REGON. Prepared by A. Zemská. Wrocław WUS. Wrocław 2000.

In the Mazowieckie voivodship in 1999 there were 5,301 associations and social organizations, (15,3% of all these organizations in Poland) and 2,120 foundations (43,2% of all foundations in Poland). The reason for the high activity of citizens in this region is that the capital of Poland (Warsaw) is located there. Figure 4 shows also that the second region with the largest number of non-profit organizations is the Śląskie voivodship. It is a highly industrialized region in Poland. The smallest number of NGO's are in the

Lubuskie, Świętokrzyskie and Opolskie voivodships. Lubuskie, Świętokrzyskie are rurally dominant regions but Opolskie is mixed – rural/industrial. This data shows that the social activity of Polish citizens in creating NGOs is diverse and depends on the level of industrial, economic and social development of a region.

The fields of declared activity are covered in Table 1.

Table 1
The fields of activities of private non-profit organizations in Poland in 1997 (%)

Activity	Share in %
Education	42
Health	34
Social services, charity	33
Family, children	24
Art and culture	19
Regional development	15
Sports	15
Ecology (Environment)	13
Human rights	11
Science	8
Hobby	7
Mass media	6

Source: Centre of Information for The Basic Statistics Concerning Activities of Non Governmental Organizations. "Gazeta Wyborcza" 4-5 September 1999 p. 24

Organizations were able to declare activity in more than one field. It is possible to join for example health and social services or education and family, sports and so on. It is easy to find out that the main fields of their activity are: education, health, social services and charity.

In Poland, the local and governmental budgets play a small role in the support of these organizations. So they collect money from citizens of Poland and try to sell services. The main sources of support for these organizations are: membership fees, individual donations and business donations (see fig. 5).

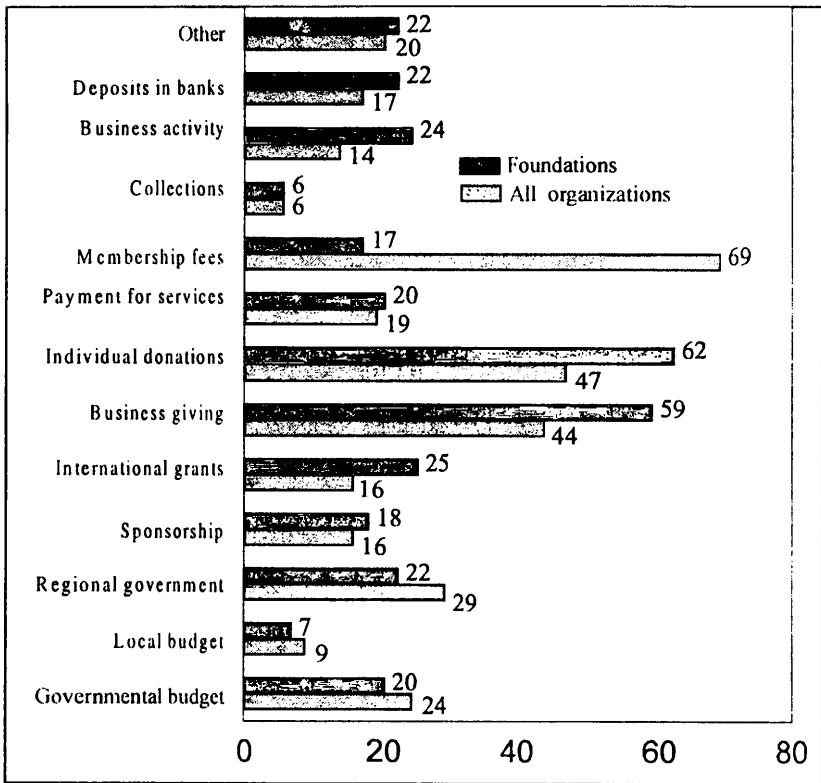


Fig. 5. The sources of support non-profit organizations in 1998 (in %)

Source: The basic statistics concerning activities of Non-Governmental Organizations in Poland. KLON/JAWOR, Warszawa 1998 (Internet: www.klon.org.pl)

The organizations use paid staff too (see fig. 6). So 40% of them declare that volunteers work for these organizations “from time to time”; 24% often; 15% always; and 24% never. But the tradition for charity in Polish society is the chance to increase charity and voluntarism in this country.

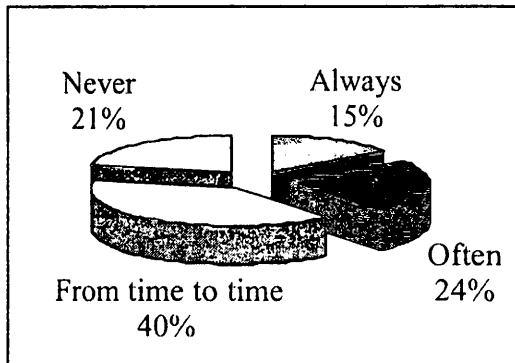
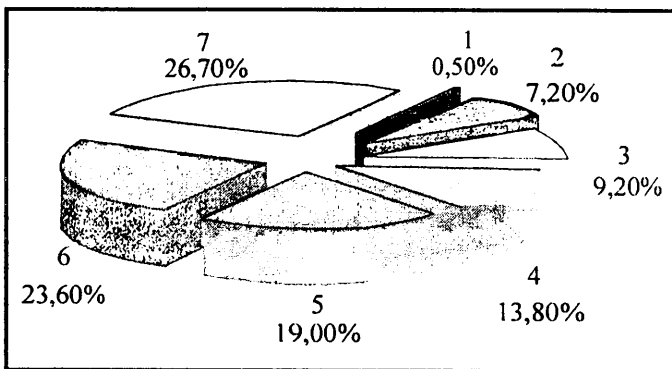


Fig. 6. Volunteers in non-profit organizations in Poland in 1997

Source: The basic statistics concerning activities of Non-Governmental Organizations in Poland. KLON/JAWOR, Warszawa 1998 (Internet: www.klon.org.pl)



Services

- | | |
|-------------------------|----------------------------------|
| 1 - culture | 5 - education |
| 2 - help for abroad | 6 - charity |
| 3 - health care | 7 - terminally ill children care |
| 4 - social associations | |

Fig. 7. Preferences of supporting private non-profit organizations in 1996.

Source: B. Iwankiewicz-Rak: Marketing of Non Profit Organizations. How to Adopt in Poland. AE, Wrocław 1997 p. 156

At present, people in Poland declare support private non-profit organizations whose activities are concerning in: caring for terminally ill children, charity and education (fig.7).

3. STRENGTHS AND WEAKNESSES OF NON-PROFIT ORGANIZATIONS IN POLAND

In the system of transformation in Poland there appeared both opportunities and threats in the development non-profit organizations of social service subjects (see Table 2).

Table 2

Threats, opportunities, strengths and weakness in the activities of private non-profit organizations during the period of system transformation in Poland

Sector	Strengths	Weaknesses
Private/ non-profit	<ol style="list-style-type: none"> 1. Highly qualified employees 2. Social control over the organization's activities 3. Social acceptance for the organization's objectives 4. Effective management of the funds gained from sponsors. 5. High quality of services and their individualised character 6. Employees' engagement in the fulfilment of the organization's objectives and accomplishment of its mission 	<ol style="list-style-type: none"> 1. Dual form of management (social and professional) 2. Weak financial condition 3. Insufficiently developed methods of gathering funds. 4. Functioning dedicated to the financial support of public institutions 5. Existing side by side with public institutions 6. Lack of financial independence and permanent sources of donations
Sector	Opportunities	Threats
Private/ non-profit	<ol style="list-style-type: none"> 1. High respect for social services in the system of consumption 2. Increased demand for social services 3. New regulations concerning business activities 4. High prices of private services 5. Unfavourable opinion of public institutions' performance. 6. Privatization of economy 7. Growing entrepreneurship in society 8. Expansion of the social sector in the developed countries 9. Tendency for globalization of public services 10. Rich tradition for charity in Polish society. 11. Support and aid from local governments 	<ol style="list-style-type: none"> 1. Lack of comprehensive and consistent legal regulations governing private non-profit organizations. 2. Impoverishment of society 3. Little interest on the part of society in supporting or working for non-profit organizations 4. Instances of unethical activities of non-profit organizations 5. Lack of regulations that would encourage charity or sponsoring. 6. Competition between commercial and public institutions

Source: Author's own.

Yet analysis of the information presented above shows that the distribution of threats and opportunities may often vary.

The opportunities presented in the table may be regarded as incentives for transformation in this sector. On the other hand, the indicated threats refer to the changes in the standard of living in Poland rather than to transformations.

Research into the functioning of social service institutions also enables one to specify their advantages and disadvantages, which became apparent during the time of system transformation.

The strengths and weaknesses of different public service subjects stem from the social and economic conditions, which account for the sharp contrast in this sector of services in Poland.

CONCLUSIONS

The transformation of Poland's economic system triggered business activity in the sector of social services. Consequently, the institutional structure of these services was enriched, creating a favourable ground for competition among businesses and non-profit organizations. The period of transition have made the private non-profit organizations develop and increase the third sector of the economy. So the main factors of developing organizations of the third sector of economy in Poland are:

- democracy and privatization of economy,
- increased demand for social services,
- reduction of the role of public institutions in providing public goods,
- low quality of service provided by public institutions,
- unfavourable opinion of public performance,
- high prices of private services,
- tradition for charity in Polish society,
- self-finance activities (concentrated on raising funds for business activity).

These are the political, economic, social and institutional determinants in the development of private non-profit organizations (NGOs) in social services i.e. education, culture and health care. It is very important to identify them.

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