



EMES CONFERENCES

SELECTED PAPERS SERIES

3rd EMES International Research Conference on Social Enterprise
Roskilde (Denmark) - July 4-7, 2011

**EXPLAINING THE IMPACT OF EUROPEAN UNION STRUCTURAL
FUNDS ON PATTERNS OF INTER-ORGANIZATIONAL
COLLABORATION AMONG THIRD SECTOR ORGANIZATIONS IN EAST
AND CENTRAL EUROPE. CZECH REPUBLIC AND POLAND
COMPARED**

Tomasz Gabor
European University Institute, Italy

Copyright © 2011 Tomasz Gabor

Any portion of these materials is freely available for information and educational purposes, but cannot be re-published in any format that may entail fees or royalties without the express permission of the copyright holders.

ABOUT THE EMES CONFERENCES SELECTED PAPERS SERIES:

This series aims to ensure that selected papers from conferences in which EMES has been involved will be accessible to a larger community interested in the third sector and social enterprise.

EMES Conferences Selected Papers have not undergone any editing process.

All the papers of the series are available for download at www.emes.net.

ABSTRACT

Recent years are marked by an unprecedented popularity of various forms of inter-organizational collaborations. There is hardly any domain of social, political or economic life unmarked by "buzz-words" such as networking, collaboration or "partnership working". Establishing and maintaining collaborative ties has become a "good practice" in corporate governance, policy design, or implementation, or international development. Irrespective of the rapid spread of inter-organizational relationships they remain, however, "poorly understood phenomenon" (Googins & Rochlin 2000). Therefore, one of the main challenges that researchers and practitioners had to face was to develop comprehensive understanding of this multifaceted instrument.

This paper aims to identify and explain emergence of typical "patterns" of inter-organizational collaboration of third sector organizations. Particular attention is devoted to the "transformatory power" of European Union Structural Funds. It starts with the brief review of literatures dealing with the inter-organizational networks in development with the particular focus on third sector organizations. Then, based on the concept of Europeanization, impact of European Integration on patterns of inter-organizational collaboration is theorized. In the subsequent part, using quantitative methods, two typical ways of collaboration, i.e. "weak horizontal" and "strong hierarchical" are identified and their developmental advantages and disadvantages are discussed. In the main part of this paper, differences in patterns of inter-organizational collaboration between Czech and Polish third sector organizations are explained using the concept of "differential empowerment", which takes state institutions and third sector agency as key explanatory variables. In the concluding part, factors behind diverging developmental paths of Czech and Polish third sector are presented.

1. CONTRIBUTION OF INTER-ORGANIZATIONAL COLLABORATION OF THIRD SECTOR ORGANIZATIONS TO DEVELOPMENT

Inter-organizational collaboration has been traditionally an object of inquire for students of organizations. For them, inter-organizational collaboration represents a particular form of organizing ("governing") exchange relationships (Powell 1990, Ebers 1997). On the contrary to the two "classical" modes of organizing, i.e. market, which is based on competition, and bureaucracy relying on control, collaboration is negotiated in an ongoing, communicative process (Hardy et. al. 2004). As a result, organizations that see different aspects of a problem can explore constructively their differences and search for solutions that go beyond their own limited vision of what is possible to achieve, which leads to innovation (Gray 1989). Moreover, in view of the fact that the challenges faced by organizations, which nowadays operate in a highly uncertain, turbulent and uncertain environments (Trist 1983), are increasingly complex, solving them exceeds capacities of single organization. Therefore, in order to succeed, they are relying on tangible and intangible resources of their partners (Newell and Swan 2000).

There is hardly any area of human activity more complex than development. As a result, particularly in this field high hopes are being pinned on the capacity of different organizations to work together. Development, following Amartya Sen (1990) should be understood as an expansion of capabilities, with the ultimate goal being an enrichment of human lives, not in the sense of having more things, but rather of having the freedom to choose between different ways of living. Such view of development poses a particular challenge for a developmental action, which has to satisfy people with diverging set of aspirations and values. Constant negotiations between these people and their differences appear to be the only plausible solutions to solve an

inevitable conflict of values. Therefore, developmental action should be seen as a complex and contested process which is influenced by multiplicity of interests within a state and beyond (Robinson et. al. 2000).

In the sociology of development, various forms of inter-organizational collaboration are studied as developmental alliances, or modes of organizing development (Sabel 1996). This research tradition highlights their unique capacity for mobilizing resources (know-how, reputation, money etc.), as well as managing diverse interests, which allows for identifying new opportunities, broadening the spectrum of organizational activity, increased efficiency, improved quality and accountability of the goods (Bruszt & Vedres 2009). Consequently, it is often argued that stimulating capacity for inter-organizational collaboration is one of the key architectures of the successful developmental intervention (Robinson et. al. 2000).

After the neo-liberal market principles of 1980's became increasingly questioned, third sector organizations have begun to be perceived as the panacea for a number of crucial developmental problems. Combining "entrepreneurial spirit and the organizational effectiveness of the business firm, with the common good orientation of the state and its public administration" (Etzioni 1973: 314) results in "comparative advantages" over the government and business in such fields as service provision, societal integration and public advocacy (Fowler 2000, Anheier & Salomon 2006, Freise and Zimmer 2007, Anheier 2009). Nevertheless, performing these functions is often inhibited by several factors, including lack of resources, dubious identity, and weak legitimacy. Making and maintaining ties to other organizations (from third sector, government, or business) is often seen as a strategy to compensate for these difficulties.

In East and Central Europe, inter-organizational collaboration as a strategy for organizing development is still rather underdeveloped comparing to the Western Europe, which is usually linked with weak capacities of both nonprofit sector and the government (Boerzel & Buzogany 2010, Sissenich 2010). Despite extraordinary growth of the third sector after 1989, different legacies inherited from the state socialism are still visible in its developmental trajectories, which suffers from insufficient finances, lacks human capital, know-how and expertise, and shows low level of individual participation (Howard 2003). At the same time, states can not successfully empower third sector organizations due to their own weak capacities resulting from the challenge of "triple transformations" (Offe 1991, Bohle & Greskovits 2007). As a result, weak and disintegrated nonprofit organisations are not perceived as an attractive partner for the government, and the government is not powerful enough to carry out the developmental work by themselves, nor to provide the capacities needed for joined action. The way out of this "paradox of double weakness" is associated with the processes of transnationalization.

International developmental agencies have well understood that in order to stimulate domestic developmental agency, they should generate capacities for collective problem solving (Bruszt & Vedres 2009). Consequently, strengthening the capacities of the third sector organizations and promotion of "partnership approach" has become a core of the foreign assistance programs implemented in the East-Central Europe from the early nineties such as USAiD (Abele 2010). The most powerful international actor in this domain remains, however, European Union (e.g. Bennet & Krebs 1994, Roberts 2003, Stark et. al. 2006).

2. IMPACT OF EUROPEAN UNION STRUCTURAL FUNDS ON PATTERNS OF INTER-ORGANIZATIONAL COLLABORATION

Brief review of relevant guidelines and policy documents revealed that "partnership working" as an approach to development deeply embedded in the EU Structural Funds logic of operations (European Commission 1999, 2002). Assuming that domestic actors, including public authorities and third sector organizations that wish to benefit from opportunities brought by European Integration had to comply with EU-driven rules, the transformatory power of Europe should have significantly affected patterns of alliance building. Such impact of EU was expected by many third sector practitioners (Kundrata et. al. 2006). Students of East-Central European civil societies, however, devoted only very limited attention to this issue (e.g. Boerzel & Buzogany 2010, Bruszt & Vedres 2010, Kuttner & Trappman 2010).

The theoretical backbone for this project is provided by the concept of Europeanisation, which has become a fashionable tool to investigate change in domestic political structures, processes and behaviors of actors as a result of opportunities and pressure related to European Integration. In this paper, Europeanization is understood, following Ladrech (1994: 70) "as an incremental process reorienting the directions and shape of politics to the degree that EC political and economic dynamics become part of the organizational logic of national politics and policy-making". This account puts in center the change of the "organisational logic", which occurs as a consequence of adaptive pressures to the changed or changing environment. In other words, impact of European Integration on third sector organizations is expressed by "new or developing behaviors, or practices inspired by new rules and procedures emanating from the European Commission" (Ladrech 1994, 71).

European Union has, in principle, changed the environment in which third sector organizations operate in two ways. First, it became important source of various resources for nonprofits in the region. Secondly, it affected the balance of power of regional politics in favor of greater participation of non-state actors, including third sector organizations, in regional policy-making. Both resource dependency perspective (Pfeffer & Salancik 1978) and institutional theory (Meyer & Rowan 1977) suggest that in order to get access to valuable resources organizations are willing to accommodate external constraints. In the language of institutionalists, organizations will derive their legitimacy by demonstrating adherence to institutionalized rule by embedding them in their structures and practices (Garrow 2010). In view of the central place of the "partnership principle" in the European Union Structural Funds regulations, it can be assumed that organizations that wish to gain from EU-related opportunities should have internalized this norm as a part of its "organisational logic".

The reality was, however, slightly different. EU funding strategy, although initially comprised demand-driven "grassroot" approach, with the primary focus on subsidiarity, horizontal collaboration and "bottom-up" dynamic, was shifted abruptly 1999 for a recentralised top-down implementation in the framework marked by hierarchy, bureaucracy and technocratic rules in order to guarantee quick and rule-conformed absorption (Innes 2002, Gasior-Niemiec 2010). Public authorities, in order to spend vast amount of money under considerable time constraints, have preferred large, professionalized third sector organizations that were already experienced in delivering services in partnership with the government (Kutter & Trappman 2010). Promotion of "partnership approach" and building new alliances with third sector organizations were considered excessively time-consuming activities, and to a large extent abandoned (Dabrowski 2008).

Country-specific evaluations of the impact of EU Structural Funds offer more detailed picture. In Poland, Kolankiewicz et. al (2008) identified lack of tradition of collaboration between higher tiers of government and third sector organizations as a main barrier for successful involvement of third sector in the EU Structural Funds. Representatives of public authorities, put in charge of distribution of EU funds, noted that when dealing with third sector organizations they repeatedly encountered problems such as poor understanding of bureaucratic language and procedures, no experience of project-based work, and huge distrust towards the state. Organizations experienced with working in partnership with the state had already a chance to develop these key competence, and therefore, enjoyed substantial advantage regarding the access to the funds. (Gumkowska & Herbst 2006, Kolankiewicz et. al. 2008).

Nevertheless, due to the pressure from the European Commission, significant proportion of the Structural Funds was distributed to the organizations with only limited experience of working close to the government. For them, preparing the application and implementing the project constituted major learning experience. They have acquired the project-management skills, learned the bureaucratic language, developed accounting competences (Gumkowska and Herbst 2006). As Kundrata et. al. (2006) argue, EU funds allowed Czech third sector show their potential, which significantly enhanced the visibility of the third sector in the eyes of the public administrations and strengthened their position vis-a-vis the state. In a similar vein Kroupa and Stogr (2008) conclude that in Czech Republic government started to accept them as partners when EU funded the projects.

Similarly, initially opened structure of political opportunity in the regional governance was meant to stimulate both horizontal and vertical ties (European Commission 1999). However, the power diffusing effect was very limited, due to the lack of traditions of decentralised regional planning, negative gatekeeping of central political actors (Klaus in Czech Republic), as well as shift of EU-strategy from de-centralised cross-sectoral to re-centralized sector-specific developmental planning, which closed de facto opportunity structure for broad participation (Kutter & Trappmann 2010, Carmin 2010). Instead of transparent and democratic procedure guiding appointment of candidates to monitoring and steering committees, governments under the pressure of EU were often inviting representatives of "hand-picked" third sector organizations, only to comply with the formal rule of "partnership" (Chodor 2005). Moreover, their contribution to the works of the committees was often marginalized (e.g. Gasior-Niemiec 2010). It should be noted, however, that part of the responsibility for the generally poor involvement in the developmental planning lies in the weak capacities of the third sector itself. In several cases it showed limited interest in issues of European Integration, as well as due to internal cleavages it was unable to form sector representation (Fric 2005, Gasior-Niemiec 2010)

In spite of numerous problem, EU-induced involvement of third sector representatives in the developmental planning provided numerous opportunities for exchanging ideas, and inter-personal networking leading to better understanding of the internal logic of functioning of both public administration and third sector (Bruszt 2007, Nicholson 2008). Building bridges between third sector and public administrations and better inter-sectoral collaboration is sometimes even considered as more important result of experience of joint work in the committees than a real contribution of the third sector to the policy-making (Kundrata et. al. 2006, Gumkowska & Herbst 2006).

This brief analysis of the impact of European Structural Funds reveals that the process of learning of the "partnership working" took place only to the limited extent. Weak capacities of both public administration and third sector, considerable time-constraints, and consequently, re-centralized framework of money distribution, resulted in the situation, in which rhetoric of "good

governance" and "partnership working" was abandoned, and the enlargement policy reproduced the style of bureaucratic government favored professionalized and trustworthy third sector organizations. Nevertheless, there are several symptoms of "learning" effect. Organizations that received EU Structural Funds projects, or were involved in the regional developmental planning have significantly increased their organizational capacities and established ties with public bureaucracy involved in EU-related activities. As a result, they became attractive partner for a public administration.

In sum, review of relevant literature suggest that impact of European Union Structural Funds on patterns of inter-organizational collaboration of third sector organizations, although limited, should have led to strengthening ties them and public administrations. So far, however, no research was devoted explicitly to that issue. Major part of the work done in this field aimed to account for a general impact on European Integration on the third sector with the main focus on its sustainability, or professionalization (e.g. Nicholson 2008, Kutter & Trappman 2010, Carmin 2010, Boerzel & Buzogany 2010). Moreover, these research projects were predominantly by the qualitative methods. In view of this, exploring the impact of EU Structural Funds on patterns of inter-organizational collaboration of third sector organizations would offer significant contribution to the third sector literature and European studies.

3. TYPICAL PATTERNS OF INTER-ORGANIZATIONAL COLLABORATION OF THIRD SECTOR ORGANIZATIONS IN EAST-CENTRAL EUROPE

Data from a survey conducted in 2007 on the 492 nonprofits in Poland, Czech Republic and Hungary give the opportunity to assess the impact of the EU Structural Funds on patterns of inter-organizational collaboration. This was a part of the larger project: EVOLVIN ("Evolving Regional Regimes: Challenges for Institution Building in CEE countries"), co-ordinated by Laszlo Bruszt and Gerry McDermott, exploring the dynamics and variation in the mode of governance in East-Central Europe. In each country they selected two NUTS II regions, the official units of regional developmental programming within the EU support programs. In Poland, these NUTS II are the elected regions, in Czech Republic two elected regions correspond to one NUTS II regions, whereas in Hungary there are no elected regional governments. In each country there was selected one region that was above and one region that was below the average with respect to economic development (three indicators were used: gross domestic product, unemployment rate, and rate of agriculture in GDP). In Poland, Malopolskie (above average) and Swietokrzyskie (below average) were selected, in Czech Republic, Jihomoravsky (above) and Moravskoslezsko (below), and in Hungary, Nyugat Dunantul (above) and Del Alföld (below).

Seventy percent of the interviewed third sector organizations (356) were randomly selected from the list of EU projects winning organizations. Thirty percent of the organizations were selected randomly from the regional lists of NGOs. Survey included questions about partners in projects and general, on-going activities, and therefore, offered unique opportunity for cross-regional or cross-national comparison of collaborative behaviour.

Due to the fact that in Central Europe this research area is to a large extent "terra incognita", I did not have any *a priori* expectations of what I can find in the data. Usual strategy in such a case is data mining. Because my interest was in both project and stable ties I have chosen cluster analysis in order to organize observed data into meaningful structures. Cluster analysis is a purely empirical, inductive and exploratory method data analysis, which aims at sorting different objects into groups in such a way that the degree of association between two objects is maximal if they belong to the same group and minimal otherwise (Punj & Steward 1978). Among

many available clustering algorithms, Ward's (1963) method is, commonly regarded as very efficient, since, unlike other methods, it uses an analysis of variance approach to evaluate the distances between clusters. Main challenge associated with this method is choice of number of clusters. Here, the possibility of meaningful interpretations of results should be the applied criteria.

Two questions from the survey are taken into consideration as indicators of inter-organizational collaboration/organizing:

1. *Please name 10 most important partners of your organization in the general, continuous and on-going activities.*
2. *When your organisation make decisions, whose opinions of the following actors do you need to take into account?*

In order to account for a full spectrum of inter-organizational combination, actors from all three sectors are considered, i.e. other nonprofit organization, business organization, and the state (additionally distinguished between national, regional and local level of government).

Cluster analysis revealed two "typical" ways of inter-organizational collaboration among nonprofits in East-Central Europe, i.e. "weak horizontal" and "strong vertical". The majority of nonprofits (77%) represent "weak horizontal" type of inter-organizational organizing. Among their important partners they have, in average, one organisation from the nonprofit sector and one from local government, and maintain quite good relationships of accountability to these organizations. They are not accountable to the national state and business.

23% of nonprofits belong to the "strong hierarchical" cluster. They collaborate with, in average, one actor from national government, one from local government, and one nonprofit organisation. They are strongly accountable to both national and local government, somehow good accountable to the nonprofit sector and not accountable to the business.

In order to confirm expactations from the sociology of development and nonprofit literature regarding contribution of inter-organizational collaborative ties to developmental work, further analysis are conducted. They revealed that nonprofits belonging to the "strong hierarchical" pattern of collaboration are significantly more sucessful in mobilizing resources such as money, know-how, information, ties to authorities, and voluntary work. They are also more likely to be active in each category of the organizational goals ("public", "political", "cohesive" and "social"), with the particularly strong focus on political and social activities. These nonprofits are also significantly more likely to care about such organizational values as efficiency and participatory approach, but at the same time are significantly less occupied with issues of transparency or independency.

Therefore, from the developmental perspective, "strong vertical" cluster represents better pattern of inter-organizational collaboration. They are more successful in mobilizing resources, follow more goals, simultaneously care about organisational efficiency and participatory approach. Analysis of organizational goals reveals that they are particularly useful in performing role of service delivery organisation (especially in social domain), as well as advocacy organisation, or agents of increased public accountability. What is noteworthy, however, strong vertical ties to the government might have undermined their independence and transparency.

As expected, European Union Structural Funds are significantly and postively correlated with the "strong hierarchical" pattern of inter-organizational collaboration. Organizations that received

EU-projects and that participated in the EU-induced regional developmental planning are more likely to organize development in a "strong hierarchical" way.

4. "DIFFERENTIAL EMPOWERMENT" OF CZECH AND POLISH THIRD SECTOR ORGANIZATIONS

Further analysis revealed strong cross-national and cross-regional divergence in patterns of inter-organizational collaboration.

Table1. Cross-national distribution of the patterns of inter-organizational collaboration.

	"weak horizontal"	"strong hierarchical"
Poland	92%	8%
Czech Republic	68%	32%
Hungary	74%	26%

Source: Own calculations.

Table 2. Cross-national distribution of the patterns of inter-organizational collaboration.

	"weak horizontal"	"strong hierarchical"
Malopolska	90%	10%
Świętokrzyskie	94%	6%
Jichovychod	70%	30%
Moravskoslezsko	65%	35%
Nyugat Dunantul	69%	31%
Dal Alfold	79%	21%

Source: Own calculations.

Poland has significantly less of "strong hierarchical", whereas situation is exactly the opposite in Czech Republic, with significantly more of "strong hierarchical" (four times more than in Poland). The same diverging trend holds also at the regional level. This might indicate that greater propensity to form "strong hierarchical" (and more "Europeanized") pattern of inter-organizational collaboration is associated with factors, or processes with the country-wide scope, rather than regional specificities. Identifying these factors constitute the primary aim of this dissertation.

Students of Europeanization have identified several factors that might account for a differential impact of European Integration on domestic organizational practices, "ways of doing things". They argue that this impact is to a large extent filtered, or intermediated by a number domestic factors, including multiple veto points in the domestic structure, facilitating formal institutions, a country's organisational and policy-making cultures, differential empowerment of domestic actors, and learning (Risse et. al. 2001). For explaining diverging impact of Europe on patterns of inter-organizational collaborations of third sector organizations particularly suitable appears the idea of differential empowerment. Risse et. al. (2001:11-12) note that "Europeanization leads to the redistribution of power among a variety of domestic actors (...) How far domestic actors are able to use exploit new opportunities depends on their previous resources and identities provided by domestic institutions (access to the public sphere and decision-making bodies, financial means, information and legitimacy)".

Boerzel (2010) applied this concept to the studies of impact of European Integration on the third sector organizations by arguing that resources (such as money or know-how) and opportunities for participation in regional governance provided by the EU may be necessary, but not sufficient conditions to empower third sector. They should be matched by favorable, intermediating domestic factors, which include certain level of organizational capacities and particular, "pro-state" cognitive orientation.

Role of organizational capacities as the factor conditioning access to the EU Structural Funds is broadly acknowledged in the relevant literature (Carmin 2010, Kutter & Trappman, Boerzel et. al. 2010). Preparing application for the EU SF project is considered very challenging and time-consuming process. As a result, only organizations that have can delegate adequately prepared staff for this task have a chance to be successful. Alternatively, a project application can be prepared by a private consultancy, which obviously requires certain financial investment. Another issue constitutes late payment of project money typical for an EU SF projects. An organization without available funds, or an open credit-line in the bank is hugely disadvantaged in the whole process. Moreover, due to considerable time pressure for an effective absorption, dominant part of grant competitions offers only relatively large grants, which often exceeds the capacities of the generally under-resourced third sector organizations, and therefore are beyond their scope of interest. Organizational capacities matter also for the involvement of third sector organizations. Government invites only these organizations that are visible, which implies successful engagement in some large-scale activities usually requiring significant resources. They should also have something to contribute, be it their expertise, reputation, contacts. Small organizations have it very difficult to be included in the developmental planning processes (e.g. Gumkowska & Herbst 2006, Kolankiewicz et. al. 2008).

Having ties to the state is another crucial inter-mediating factor for the successful engagement in the EU SF programming and implementation. To begin with, these ties were often crucial already at the stage of identifying relevant grant competition, much earlier than they were announced at the official websites. Furthermore, bureaucratic language and complicated administrative procedures required on-going consultations with the public administrators, which obviously went much smoother, in case these contacts were established earlier. Also, in several cases, third sector organizations that didn't have capacities to implement the project individually, initiated partnerships with the state, who was able to compensate for lacking resources. Regarding participation in EU-induced developmental planning, ties to higher tiers of government, which was often personally inviting, or hand-picking organizations from lists provided by regional coalitions or networks, were of crucial importance (Kundrata et. al. 2007, Gasior-Niemiec 2010, Chodor 2005).

Acknowledging importance of organizational capacities and cognitive orientation for a successful Europeanization, it can be assumed that exactly the diverging pattern inter-organizational collaboration between Czech and Polish third sectors is a consequence of differences in these two areas. If it could be proved that Czech organizations were larger and/or more open towards collaboration with the state, it would constitute a convincing argument for explaining bigger propensity of Czech third sector organizations to form "strong hierarchical" pattern of collaboration. However, this research strategy cannot be employed here, since there is no reliable, comparative data of the third sector in these two countries. Up to date, the only cross-national data reflecting the strength of the sector were collected in the framework of JHU Comparative Nonprofit Sector Project in the mid-nineties. In addition to being out-dated, their validity was often questioned by national experts on methodological grounds (e.g. Pospisil and Rosenmayer 2006, *Third Sector in Poland...*, 2008). Data collected by Polish (e.g. Klon-Jawor), or Czech (e.g. National Research Center for Nonprofit Sector) research institutions, although

rich and accurate, cannot be compared due to substantial differences regarding data collection methods.

An alternative research strategy constitutes mapping the evolution of factors that shape the strength and behavior of the national third sectors. Students of nonprofit organizations have identified three such models: economic model, social capital/civil society model and neo-institutional model (Smith & Groenbjerg 2006). For explaining cross-national variation in the vitality and behavior of third sector, the most prominent role is played by the last perspective, i.e. neo-institutional account (DiMaggio & Anheier 1990). On the contrary to the micro-economic theories, focusing on the individual choices (Hansmann 1987), or the rather static social capital argument underscoring the importance of history (Putnam 1993), neo-institutional models argues that shape of the nonprofit sector is a product of its institutional environment. Neo-institutional account is clearly preferred by the authors of the concept of differential empowerment, who argued that organizational resources and identities are products of domestic institutions (Risse et. al. 2001).

It is a state-centric perspective, since most theoretical and empirical works conceived in this tradition acknowledge the dominant role of the state in influencing the structure of the society and action of different organizational groups (Evans 1995, Evans 1997, Skocpol 1999). State can affect third sector in a variety of ways, out of which three are of particular importance: providing legal framework for their existence (legal perspectives), funding their activities (public policy perspective), and involvement in the policy making (advocacy perspective) (Rymysa and Zimmer 2004, Smith and Gronbjerg 2006). Consequently, it does not come as a surprise that focusing on the state is a popular research strategy for studying third sector in East-Central Europe, in particular in a comparative manner, which may compensate for a lack of reliable comparative data sources (e.g. Kuti 1999, Mansfeldova et. al 2004, Lagerspetz and Skovajsa 2006).

However, in order to escape deterministic vision of state-related institutions, activism of the third sector leaders will be addressed, as another factor that accounts for differential empowerment of Polish and Czech third sector. Role of the agency that might overcome unfavorable institutional framework is fully acknowledged in literature on Europeanization (e.g. Piattoni and Smyrl 2002, Dabrowski 2008). Also in third sector literature there is growing interest in the third sector activism as an important factor explaining the evolution of the third sector policy (e.g. Kendall 2009).

Summing up, organisational capacities of the third sector organizations and their cognitive orientations will be identified by the means of process-tracing of evolutions of legal, public policy and advocacy perspective. It will be argued that a better preparedness of the third sector for the European integration leading to deeper Europeanization and, consequently "strong hierarchical" way of organizing development is a consequence of more supportive legal framework, government's approach to issue of funding, and greater openness for dialogue with the third sector representatives. Role of third sector activism in shaping the organisational capacities and identities will be also discussed.

4.1. State institutions

In Czech Republic, despite initial difficulties, political decision-makers and public administrators have acknowledged the public benefit potential of the third sector organizations and were open to dialogue and willing to adjust legal framework regulating third sector activities. Such supportive attitudes found its expression at the fullest in 1998, with the establishment of the

Governmental Council for the Non-state Non-profit Organization (*Rada Vlady pro Nestatni, Neziskove Organizace*, "RVNNO"), the key strategic third sector-oriented agency, which primary goal was to create a suitable environment for the existence and activities of non-state non-profit organizations (Fric 2005, Hyanek et. al. 2006). In view of the fact that funding in Czech Republic is relatively centralized (Table 2, open and transparent system of the state funding for the third sector organizations has become most important task for the RVNNO (Pajas 2001).

Table 3: Public money available for third sector organizations in Czech Republic (in mln of CZK).

	1999	2000	2002	2003	2004	2005	2006	2007
ministries	1 911	2 157	3 219	3 818	4 360	3 509	5 569	6 600
regions	358	260	356	643	996	1 413	1 931	1 094
municipalities	486	583	851	956	no data	no data	no data	3 165

Source: Financial reports from the Governmental Council for Non-governmental Non-profit Organization (2000, 2001, 2003, 2004, 2005, 2006, 2007, 2008).

Coherent framework of distributing public money, based on regular and open competitions and on-going collaboration with "RVNNO" has been introduced already in 2000 (Pospisil and Neumayer 2006).

Acknowledgment and support for the third sector at the central level of government during the key pre-accession period (1999-2004) is responsible for the fact that Czech Republic has received the greatest proportion of civil society assistance and has developed the largest amount of programmes among all countries in the region. Moreover, Czech Republic were together with Slovakia the only countries where a strategic view of the sector as a whole was adopted to avoid conflict and duplication of the funding (*Phare Thematic...* 2001). Finally, only Czech Republic has managed to put through two initiatives: global grants for nonprofits, possibility of pre-payment for nonprofits if winning the project (Kundrata et. al 2007).

Regional level of government was established first in 2001, and in the first years of their existence were rather weak and therefore eager to collaborate with third sector community, which in many cases possessed better and deeper understanding of European norms and procedures. Marshalls and other important decision-makers participated in regional conferences of third sector organizations, and welcome representatives of regional networks in the regional monitoring and steering committees (GAC, 2003)

In Poland, state policy towards the sector was ambivalent throughout the nineties and beginning of 2000's. In spite of the fact that all cabinets declared their support to the third sector, no consistent policies or stable mechanisms for inter-sectoral dialogue were developed (Fraczak 2002). In the pre-accession period, support for decentralisation was the priority of the government, which has shown no interest in development of the third sector as such. Relatively powerful local level of government (municipalities and communes) was the main point of reference for the third sector (regarding financial and non-financial matters) (Regulska 2001).

Table 4. Structure of public funding for third sector organizations in Poland.

	2001	2003	2005	2007
Central government	39%	33%	61%	71%
Local government	61%	67%	39%	29%

Source: Own calculation based on data provided in research reports: "Basic facts on Polish NGOs", issued by Klon-Jawor in 2002, 2004, 2006, 2008.

Links between third sector and local government were also stimulated by the foreign civil society assistance programmes (USAID, British Know-How), which experimented with local planning in the nineties (Abele 2010). As a result, unlike in Czech Republic, in Poland, at the central level, there has been no coherent framework for distributing public money to the third sector. Moreover, there were substantial problems with financing of the civil society component in Phare 2001 and 2002 due to lack of interest on the side of Polish central administration. Public benefit character of third sector was officially acknowledged first in 2003, with the Law on Public Benefit and on Volunteering, which, introduced Public Benefit Council, an intermediary body involving representatives of the third sector together with public administrators. In general opinion, this was too late to change distrustful relations between the third sector and public administration as well as significantly alter the organizational capacities in order to prepare them for the absorption of EU Structural Funds (Nowosielski 2008, Herbst 2008).

In Poland, regional level of administration was established already in 1999 and, therefore has earlier reached certain level of administrative capacities than Czech regional administrators. This is the main reason, why they weren't treating rather disorganized and weaker third sector community as a respectable partner. Moreover, there was a strong paternalistic tendency present in the procedures of elections for regional steering and monitoring committee (regional government invited pre-selected individuals from the third sector) as well as in organizing the sector internally (Chodor 2005, Gasior-Niemiec 2010).

4.2. Third sector agency

In Czech main role of organizing the sector has been performed by a network of nonprofits from the regions - "OKAMRK", whose primary aim of existence was to stimulate participation of third sector in the EU-inuced developmental planning as well to increase the prospects for funding from European sources (Fric 2005). Main period of their activity were years 1999-2005, a critical pre-accession period, during which they became key players in the Governmental Council for Non-state, Nonprofit Organization. Among other, they managed to put through transparent procedures for electing candidates for the monitoring and steering committees of EU Structural Funds (Evans 2002). From the very beginning, they were also very active in the regions, where they were organizing various meetings and conferences focusing on promotion of opportunities stemming from European Integration, mostly financed from pre-accession funds (Phare). This was accompanied by the extensive "capacity building" trainings. As a result, third sector organizations (in particular these involved in social services) were best prepared for accession among all categories of social partners (Harvey 2004).

In Poland, there was much less bottom-up mobilization of the third sector organization. Most of the organized activities were initiated by the Warsaw-based organization, Forum of Non-governmental Initiatives (*Forum Inicjatyw Pozarządowych* "FIP") , gathered around Kuba Wygnanski. Their thinking, mainly inspired by "anglo-saxon" vision of third sector as a "watch-dog" of democracy has shaped the logic of organizing of the sector. "FIP" was not so much

focusing on improving the access of third sector to public funds, but it rather aimed to create general framework for transparent state-nonprofit relationships. Although initiated in 1997, it took long six years of struggle with the central administration until finally in 2003 Law on Public Benefit and Volunteering was passed.

Dominant role of "FIP, which was an organization with relatively weak links to the regions, was the main reason of the low mobilization of regional and local third sector organizations around the issue of European Integration. As a result, promotion of the opportunities offered by the EU was organized in a "top-down" manner, which significantly reduced its efficiency. For example, there were often problems with representativity of elected representatives of third sector organizations to the monitoring and steering committees (Chodor 2005, Gasior-Niemiec 2007). Moreover, interestingly and much to the surprise of Brussels, process of election of regional liaisons and trainings for managers of nonprofit were mostly financed from American monies (Koźlicka 2003).

In sum, organized activities of the third sector leaders in Czech Republic, despite already supportive domestic conditions for Europeanization (professionalized organizations, supportive public policy) have additionally helped to prepare organizations for the integration. On the contrary, in Poland, agency of the sector was significantly weaker, in particular in the regions, and offered fewer opportunities to overcome unfavorable domestic conditions.

5. CONCLUSIONS

Analysis of the organisational capacities of the third sector organizations, their attitudes, and activities of their leaders in Poland and Czech Republic indicate that domestic situation in the Czech Republic is conducive to deeper Europeanization than in Poland. Larger, more professional organizations, experienced with delivering services "contracted-out" by the state, and more determined to develop and maintain good working relationships with the state are more likely to receive EU funds and be integrated into EU-induced governance networks, which again strengthened their close ties to the state.

Therefore, it appears that European integration has not transformed but only strengthened existing patterns of inter-organizational collaboration. Its impact, understood as "strong hierarchical" way of organizing development, is visible only in case of organizations that anyway used to organize development in such a way.

Important role of domestic institutional context is by no means a novelty in studying Europeanization (e.g. Bruszt 2008, Dabrowski 2008, Pridham 2008, Carmin 2010). Main contribution of this project constitutes identification and explanation of different paths taken by Czech and Polish third sector. Czech "path", in a contrary to Polish, is characterized by more professionalized organizations, with well developed culture of collaboration with the state, and whose organized action of the local and regional leaders is oriented on dialogue/lobbying with state bureaucrats. These, "path-specific" factors are responsible for both for emergence and spread of particular patterns of inter-organizational collaboration, i.e. "strong hierarchical" and the successful Europeanization.

Explaining the path is more challenging, nevertheless, it appears that main reasons for diverging paths between Polish and Czech third sector lie in different share of "transformed social organisations", i.e. with organizational history before 1989/1990 (larger in Czech Republic, smaller in Poland), different economic capacities of the state (stronger in Czech Republic,

weaker in Poland), different approach to decentralisation of funding for third sector organizations (centralized in Czech, decentralized in Poland), different approaches of public administrators towards third sector (supportive in Czech Republic, and ambivalent in Poland).

BIBLIOGRAPHY

- Anheier, H. K. (2009) "What kind of nonprofit sector, what kind of society? Comparative policy reflections", in: *American Behavioral Scientist*, 52, pp. 1082-109.
- Anheier, H. K. and Salamon, L. M. (2006) "The nonprofit sector in a comparative perspective", in Powell, W. W. and Steinberg, R. (eds.) *The Nonprofit Sector: A Research Handbook*, 2nd Edition, New Haven: Yale University Press.
- Bennett, R. & Krebs G. (1994) "Local economic developments partnerships. An analysis of policy networks in EC-LEDA Local Employment Development Strategies", in *Regional Studies*, 28, 2, pp. 119-140.
- Boerzel T. (2010) "Why you don't always get what you want: EU enlargement and civil society", in *Acta Politica*, 45, 1-2, pp. 1-10.
- Boerzel, T. A. & Buzogany, A. (2010) "Governing EU accession in transition countries. The role of non-state actors", in *Acta Politica*, 45, 1-2, pp. 158-182.
- Bohle, D. & Greskovits B. (2007) "Neoliberalism, Embedded Neoliberalism, and Neocorporatism: Paths Towards Transnational Capitalism in Central-Eastern Europe" in *West European Politics* 30, 3, pp. 443-466.
- Bruszt, L. (2008) "Multi-level governance – the eastern versions: Emerging patterns of regional development governance in the New Member States", in *Regional and Federal Studies*, 18, 5, pp. 607-627.
- Bruszt, L. & Balazs V. (2009) "Fostering developmental agency from without", paper prepared for the EUSA Eleventh Biennial International Conference Los Angeles/CA, 23-25 April 2009.
- Carmin, J.A. (2010) "NGO capacity and environmental governance in Central and Eastern Europe", in *Acta Politica* 45, 1-2, pp. 183-202.
- Chodor J. (2005) *Report from Monitoring of the Activities of the Third Sector Representatives in the Monitoring and Steering Committees (Raport z Monitoringu Działalności Przedstawicieli Organizacji w Komitetach Monitorujących i Sterujących)*, Warszawa: Ogólnopolska Federacja Organizacji Pozarządowych.
- Dąbrowski, M. (2008) "Structural funds as a driver for institutional change in Poland", in *Europe-Asia Studies*, 60, 2, pp. 227 – 248.
- DiMaggio, P. & Anheier H. A. (1990), "A Sociological Conceptualization of Non-Profit Organizations and Sectors", in *Annual Review of Sociology* 16, pp. 137-155.
- Ebers, M. (1998) "Explaining inter-organizational network formation", in M. Ebers (Ed.), *The Formation of Interorganizational networks*: 3-40. Oxford, England: Oxford University Press.
- Etzioni, A. (1973) "The Third Sector and Domestic Missions", in *Public Administration Review*, 33, 2.
- Evans, P. (1995) *Embedded Autonomy: States and Industrial Transformation* Princeton, NJ: Princeton University Press.
- Evans, P. (1997) *State-society synergy : Government and Social Capital in Development*. University of California at Berkeley, International and Area Studies.
- Fric, P. (2005). „The Third Sector and the Policy Process in the Czech Republic“, *TSEP Working Paper 6*, London School of Economics and Political Science.
- GAC (2003) *Analysis of the Collaboration between Nonstate, Nongovernmental Organizations and the Government in Preparation of Regional Developmental Documents*, (*Analýza spolupráce nestátních neziskových organizací a veřejné správy na tvorbě krajských rozvojových dokumentů případně dalších dokumentů relevantních pro EU*) Praha: Gabal, Analysis & Consulting.

- Garrow, J. E. (2010) "Receipt of government revenue among nonprofit human organizations", in *Journal of Public Administration Research and Theory*, first published online December 6, 2010.
- Gasior-Niemiec A., (2010) "Lost in the system? Civil society and regional development policy in Poland", in *Acta Politica* 45, 1-2, pp. 90-111.
- Googins, B. & Rochlin, S. (2000) "Creating the partnership society: Understanding the rhetoric and reality of crosssectoral partnerships", in *Business and Society Review*, 105(1): 127-144.
- Gray, B. (1989) *Collaborating*. San Francisco: Jossey-Bass.
- Gumkowska, M. & Herbst, J. (2007) *Access of the non-governmental Organizations to the EU Structural Funds – Present Day and Perspectives*, (*Dostęp organizacji pozarządowych do Funduszy Strukturalnych – stan obecny i perspektywy*), Warszawa: Stowarzyszenie na rzecz Forum Inicjatyw Pozarządowych.
- Hansmann, H. (1987), "Economic Theories of Nonprofit Organization", in Powell, Walter W. (ed.) (1987), *The Nonprofit Sector - A Research Handbook*, Yale University Press.
- Hardy, C., Maguire S. & Lawrence, T. B. (2004) "Institutional entrepreneurship in emerging fields: HIV/AIDS treatment advocacy in Canada", in *Academy of Management Journal*, 47: pp. 657–679.
- Harvey, B. (2004) *The illusion of inclusion: Access by NGOs to the structural funds in the new member states of eastern and central Europe. Report for the European Citizens Action Service*, Brussels: ECAS.
- Herbst, J. (2008), *Cooperation between non-governmental organizations and public administration authorities in Poland in 2008 – A four years achievements balance sheet* (*Współpraca organizacji pozarządowych i administracji publicznej w Polsce 2008 – bilans czterech lat*, Stowarzyszenie Klon-Jawor: Warszawa.
- Howard, M.M. (2003) *The Weakness of Civil Society in Post-Communist Eastern Europe*, Cambridge: Cambridge University Press.
- Innes, A. (2002) *The Changing Distribution of Power in East European States*, European University Institute. EUI Working Paper: RSC; No. 2002/54.
- Kendall, J. (ed.) (2009) *Handbook of Third Sector Policy in Europe: Multi-level Processes and Organised Civil Society*, Cheltenham: Edward Elgar.
- Kolankiewicz, Z., Komorowska, E. & Wasilewska, M. (2008) *Non-governmental Organizations and EU Structural Funds (Organizacje Pozarządowe a Fundusze Strukturalne)*, Stowarzyszenie na Rzecz Forum Inicjatyw Pozarządowych: Warszawa.
- Koźlicka, R. (2003) "How non-governmental organizations can influenced the structural funds" (*Jak organizacje pozarządowe mogą wpłynąć na kształt funduszy strukturalnych*) , in *Eulotka* 3, pp. 13-18.
- Kroupa, J. & Stogr, J. (2008) "The Czech Republic", in Nicholson T. (ed.) *We and They: NGOs'Influence on Decision-Making Processes in the Visegrad Group Countries*, Tokyo: The Sasakawa Peace Foundation, pp. 7–28.
- Kundrata, M. (ed.) (2006) *Impact of EU Memebership of Czech Republic on the Non-state, Non-governmental Organizations in the Programming Period 2004-2006* (*Dopady clenství Ceske Republiky v Evropske Unii na Nestatni Neziskove Organizace v Programovacim Období 2004-2006*), Rada Vlády Pro Nestatni Neziskove Organizace: Praha.
- Kuti, E. (1999) "Different Eastern European Countries at Different Crossroads", in *Voluntas*, 10, 1, pp. 51-60.
- Kutter, A. & Trappmann, V. (2010): "Civil Society in Central and Eastern Europe: The Ambivalent Legacy of Accession", in *Acta Politica*, 45(1-2): pp. 1-6.
- Ladrech, R. (1994) "Europeanization of domestic politics and institutions: The case of France", in: *Journal of Common Market Studies* 32, 1, pp. 69-88.

- Lagerspetz, M., & Skovajsa, M. (2006) "Non-profit foundations in four countries of Central and Eastern Europe", in *Polish Sociological Review*, 2, pp. 1231-1413.
- Mansfeldová, Z., Nalecz S. & E. Priller (2004) "Civil society in transition: civic engagement and nonprofit organizations in Central and Eastern Europe after 1989", in *Future of Civil Society: Making Central European Nonprofit-Organizations Work*, edited by A.Zimmer, E. Priller. Wiesbaden: VS Verlag für Sozialwissenschaft, pp. 99-119.
- Nowosielski. M. (2008) *Revival of the the Civil Society. Development of the Third Sector in Poland 1989-2009*, Institute for Western Affaires Policy Papers: Poznań.
- Newell, S. & Swan J. (2000) "Trust and inter-organizational networking" in *Human Relations*, 53, 10, pp.1287-1328.
- Offe, C. (1991) "Capitalism by Democratic Design? Democratic Theory Facing the Triple Transition in East Central Europe", in *Social Research* 58, pp. 865–89.
- Pajas, P. (2002), "Amendments to Legislation Affecting NGOs in the Czech Republic", in *The International Journal of Not-for-Profit Law*, 4, 4.
- Phare Thematic Report on Civil Society (2001), OMAS Consortium.
- Piattoni, S. & Smyrl, M. (2002) "Building effective institutions: Italian regions and the EU Structural Funds", in Bukowski J.,Piattoni S. &Smyrl M. (eds.) *Between Europeanization and Local Societies. The Space for Territorial Governance in Europe*, Boulder, CO: Rowman & Littlefield.
- Pospisil M. & Rosenmayer T. (2006) *The nanny state rules OK: The government and the nonprofit sector in the Czech Republic*, Paper presented to the 35th of The Association for Research on Nonprofit Organizations in Voluntary Action Chicago, IL November 2006.
- Powell, W. W. (1990) "Neither market nor hierarchy: Network forms of organization" in B. M. Staw and L. L. Cummings (eds.), *Research in Organizational Behavior*. JAI Press, Greenwich, CT, 12, pp. 295– 336.
- Pridham, G. (2008), "The EU's political conditionality and post-accession tendencies: comparisons from Slovakia and Latvia" in *Journal of Common Market Studies*, 46, 2, pp. 365-38.
- Roberts, P. (2003) "Partnerships, programmes and the promotion of regional development: an evaluation of the operation of the structural funds regional programmes", in *Programming and Plannig*, 59, pp. 1–69.
- Robinson, D., Hewitt, T. & Harriss, J. (eds.) (2000) *Managing Development: Understanding Inter-Organizational Relationships*. London: Sage for the Open University.
- Putnam R. (1993) *Making Democracy Work: Civic Traditions in Modern Italy*, Princeton: Princeton University Press.
- Regulska, J. (2001) "NGOs and their vulnerabilities during the time of transition: the case of Poland", in Anheier, H. & Kendall J. (Eds) *Third Sector Policy at the Crossroads: An International Nonprofit Analysis*, London and New York: Routledge.
- Risse, T, Cowles, M.G. & Caporaso J. (2001) "Europeanization and domestic change: Introduction". In M.G. Cowles, Caporaso, J.A. & Risse T. (eds.), *Transforming Europe: Europeanization and Domestic Change*, Ithaca, NY: Cornell University Press, pp.1-20.
- Sabel, C. (1996) *Ireland: Local Partnership and Innovation*, Washington: OECD.
- Rymsza, M. & Zimmer, A. (2004) "Embeddedness of nonprofit organizations: government-nonprofit Relationships", in Zimmer A. & Priller E. (eds.) *Future of Civil Society. Making Central European Nonprofit-Organizations Work*, Wiesbaden: Verlag für Sozialwissenschaft, pp. 169-197.
- Salancik, G. R., & Pfeffer, J. (1978) "A social information processing approach to job attitudes and task design" in *Administrative Science Quarterly*, 23: 224–253.
- Sen, A. K. (1990) "Development as capability expansion", in K. Griffin, & J. Knight (Eds.), *Human Development and the International Development Strategy for the 1990s*. London: Macmillan.

- Sissenich, B. (2010) "Weak states, weak societies: Europe's east-west gap", in *Acta Politica*, 1-2, 45, pp. 11-40.
- Skocpol, T. (1999) "Advocates without members. The recent transformation of American civic life", in Skocpol, Theda (ed.): *Civic Engagement in American Democracy*, Washington, DC: Brookings Institute.
- Smith, S. R. & Gronbjerg, K.A. (2006) "Scope and theory of government-nonprofit relations", in W.W. Powell and R. Steinberg (Eds.) *The nonprofit sector: A research handbook. Second edition*, New Haven, CT: Yale University Press, pp. 221-242.
- Stark, D., L. Bruszt, & Vedres B. (2006). "Rooted transnational publics: Integrating foreign ties and civic activism", in *Theory and Society* 35, 3, pp. 323-349.
- Trist, E. L. (1983) "Referent Organizations and the Development of Interorganizational Domain" in *Human Relations*, 36, 3, pp. 247-268.
- Third Sector in Poland and EU – available data sources and methodologies for comparison of the conditions of the third sector in the light of implementation of Cohesion Policy in the financial perspective 2007-2013 (Trzeci sektor w Polsce i UE - źródła pozyskiwania danych oraz metodologia porównywania kondycji sektora pozarządowego w Polsce i UE w kontekście implementacji Polityki Spójności w perspektywie finansowej 2007-2013)* (2008), Stowarzyszenie Klon-Jawor: Warszawa
- Zimmer, A. & Freise, M. (2007), "Bringing society back in. Civil society, social capital, and third sector, in Maloney, W. A. & Deth, Jan van (eds.): *Civil Society and Governance in Europe*, Cheltenham: Edward Elgar.