



Habilitation thesis reviewer's report

Masaryk University	
Faculty	Faculty of Economics and Administration
Field of study	Public Economy
Applicant	<i>Ing. Gabriela Vaceková, PhD.</i>
Unit	Department of Public Economics Faculty of Economics and Administration Masaryk University
Habilitation thesis (title)	<i>The Nonprofit Sector in Economic Theory: Beyond Mainstream Explanations</i>
Reviewer	Univ. Prof. Dr. Michael Meyer
Unit	Institute for Nonprofit-Management WU Vienna (Vienna University of Economics and Business)

Reviewer's report (extent of text up to the reviewer)

The aim of Gabriela Vaceková's habilitation thesis is to critically reflect scientific discourse in economic studies focused on researching non-profit organizations and to test non-profit theories in the (post-)transitional context and to develop a re-conceptualization of the third sector as a new paradigm for researching non-profit organizations under new conditions (p. 127). These objectives are maybe overambitious, but Vaceková contributes at least many new thoughts and arguments to the ongoing discussion on non-profit theory. Despite all my detailed concerns that I will argue below, my overall impression of the thesis is very positive: It is a truly inspiring piece of research, very timely, raising many interesting questions for further research, and besides well written and captivating.

Gabriela Vaceková formulates five research questions (see p. 13):

- (1) Does an identifiable non-profit sector exist at all?
- (2) How do mainstream theories reflect and respond to changes in the positions and functions of the non-profit sector and its organizations?
- (3) What conclusions can be drawn from testing the non-profit theories against the phenomena of commercialization and sustainability of nonprofits in a (post-)transitional context?
- (4) What revisions of theories does the empirical evidence suggest?
- (5) How does the sector respond to new challenges and which further trends and imperatives should the economic theory reflect?

I understand these questions less as operationalized research questions that can be answered clearly, and rather as inspiring triggers for theoretical reasoning. In her thesis, Gabriela Vaceková addresses these questions in three major steps: First, she introduces the historical, theoretical and conceptual foundations of non-profit-economics. Second, she presents empirical data on the Czech and Slovakian third sector which emphasize phenomena of commercialization and institutional diversity. Third, she carves out some strands of discussion that could reconceptualise economic theory building on nonprofits.

Though lacking consistency in some areas, the argumentation is widely transparent. One of the thesis' major strengths is the concise summary of prior theoretical approaches, mainly the distinction between demand-side and supply-side explanations for the existence and behaviour of non-profit organizations (NPOs). I highly appreciate the endeavour to contribute to theory development which has been a painful gap in the academic discussion during the last decade. Still, there are some weaknesses which I also want to pick out in order to inspire Gabriela Vaceková's further research.

In the first section, the different origins of concepts should be better clarified. The notion of Civil Society mainly stems from political science and tries to explain the contributions of actors to the political system which are only loosely aligned to the institutionalized procedures of political decision making. This concept is related to governance which has widely replaced government.

The concept of functions of NPOs, respectively, rather comes from sociology, framing those organizations' contributions to overall economy and society. In the list of functions (p. 29) I miss service-delivery which best links to economic theory and is crucial for many NPOs. Besides, I wouldn't list the innovative function, as innovation is a rather normative claim towards NPOs and concerns – as a kind of meta-function – both service-delivery, advocacy, and community building.

To my mind, rurality theory is partly displaced in the first section (or ill-explained, as I'm not familiar with it), because it does not provide a general explanation of the non-profit sector. Furthermore, I do not understand the prominence of Vladislav Valentinov's contribution to theory building (as it is elaborated on p. 41 ff.). If Vaceková intends to introduce new institutional economics (transaction costs, agency theory) as a potential bridge between supply side and demand side theories, this should be elaborated in more detail. This might be an innovative approach to better understand non-profits. In concluding section one, Vaceková ends with the well known non-profit failures without clearly shaping the gap that traditional economic theories of the third sector cannot bridge.

The second section presents bits and pieces from Vaceková's empirical research on the Czech and Slovakian third sectors. Maybe the claim of "testing theories" is overambitious, yet those data certainly provide a strong basis for questioning theoretical assumptions. In this section, I miss more detailed information on the original cause and research questions for the respective data collections. In more detail, I'm not completely convinced by the linking between statements and theories in table 7 (p. 60), e.g., the last items rather links to market failure than to the "Fullfilment of Societal Values Theory". I would also like to learn how these statements were developed (deductively, inductively) and how their reliability and validity was tested.

In the chapter on NPOs becoming business like (p. 64ff.), I miss literature that has already dimensionalized this phenomenon. Though I concede that from an economist's viewpoint the major indicator of commercialization is the generation of market income, literature discusses various dimensions of NPOs becoming business like: the application of management methods and concepts, business-like rhetorics, marketization, etc. In this chapter, I also miss some critical reflection on the limitations of the Czech non-profit survey and about its methodology. Though the author claims that representativeness has been tested (p. 75), I doubt how 67 NPOs can be representative for a population of more than 118,000. Gabriela Vaceková then introduces the notion of 'institutional ethics'. Though I basically follow her argumentation,

the mere notion without any further definition nor literature reference puzzled me. I would suggest to shift these arguments to the final discussion of the thesis.

In the next chapter on non-profit sustainability, I miss some more critical reflection on the regression results presented in table 15: As far as I understand the results, it's only those independents that highly correlate with community size that have a significant impact on the number of local NPOs. This is not very surprising. The existence of sewage-plants as a factor that negatively influences local NPOs' number is maybe an artefact. Furthermore, I would like to learn how the selection of independents was argued, and how they theoretically relate with the density of local NPOs.

To sum it up, some of the empirical results stemming from Vaceková's prior research are only loosely coupled with her research questions and are not appropriate to really 'test' the economic theories of the non-profit sector. Still, they provide some valuable insights into the third sectors of (post-) transition economies and thus a valuable basis for discussing their characteristics and questions that remain unanswered by prior theoretical argumentation.

The final section of the thesis deals with a reconceptualization of the third sector. Hereby Vaceková introduces concepts of hybridity, social business and social entrepreneurship. Again, she supports her arguments with empirical data. Social economy did not only pop up since the new millennium, it has been a popular concept before in many countries (e.g. in France as *économie sociale et solidaire*), in the form of cooperatives also in the UK and continental Europa. As a challenge for non-profit theories, however, it's quite new. The juxtaposition of social enterprises and nonprofits in table 16 (though I have my concerns with in many details) reveals that the boundaries between the established sectors are blurring. Gabriela Vaceková's research is therefore very timely and contributes significantly to the discourse of the third sector's distinctiveness. It is highly informed by recent developments and challenges and asks the right questions, though it would be inappropriate to expect final answers. In the concluding chapter, however, I miss a thorough discussion of the limitations of this research. Maybe we have to say goodbye to the concept of a distinctive third sector, maybe we have only to say goodbye to theories that claim that each organization has to belong to only one sector.



Reviewer's questions for the habilitation thesis defence (number of questions up to the reviewer) ...

1. What are the limitations of your study?
2. Given sufficient time and financial resources, how would you improve the research presented in your thesis?
3. How do you see the impact of supply-side and demand-side factors facilitating the emergence of social businesses and other hybrid organizations in the Czech Republic and in Slovakia?

Conclusion

The habilitation thesis submitted by Gabriela Vaceková, entitled “The nonprofit sector in economic theory: Beyond mainstream explanations” *meets* the requirements applicable to habilitation theses in the field of Public Economy.

In Vienna on April 25th, 2017