

---

## Socio-Economic Determinants of NGO Sector Activities and their Impact on the Regional Economy with a Special Emphasis on the Aspect of Inclusive Project Management

---

Submitted 01/10/23, 1st revision 18/10/23, 2nd revision 19/11/23, accepted 30/11/23

Rafał Szymański<sup>1</sup>, Małgorzata Skweres-Kuchta<sup>2</sup>

### **Abstract:**

**Purpose:** The article aims to systematize knowledge on the principles of financing micro-projects implemented by the NGO sector targeting end recipients residing in municipalities with up to 100,000 inhabitants in the Republic of Poland, using the example of the "Fajna Ferajna" program. This was achieved through a literature review and analysis of the regulations published by the program's organizer. The discussion and conclusions elaborate on the topic of financing non-governmental organizations, with a particular focus on foundations and associations, from the perspective of their role in strategies for building and strengthening local communities and supporting the development of the regional economy, with a special emphasis on supporting people with disabilities and organizations employing them.

**Design/Methodology/Approach:** To achieve the specified objective, the following research question was formulated: What are the reasons for which the phenomenon of implementing social initiatives at the local level is essential for economic development in regions with up to 100,000 inhabitants? The structure of the article corresponds to the set goals. The introduction describes the origin, research problem, and basic definitions related to the phenomenon of local social initiatives, including micro-projects. To achieve the specified objective, a critical analysis of relevant literature was employed, along with an observational method supported by argumentation that bolstered generalized theses. Additionally, methods of induction and deduction, comparisons and generalizations, as well as synthesis, were utilized. Subsequently, in-depth research was conducted using the Delphi method, which is a tool for structuring group communication processes.

**Findings:** The deliberations led to the identification of key challenges associated with the implementation of micro-projects targeting individuals with disabilities in small regions.

**Practical Implications:** The issues presented in the article underscore the necessity for NGOs implementing projects for individuals with disabilities to conduct the recruitment process with particular attention.

---

<sup>1</sup>PhD, Assistant Professor at the Department of Tourism and Spatial Organization, Institute of Spatial Management and Socio-Economic Geography, Faculty of Economics, Finance and Management, University of Szczecin, [rafal.szymanski@usz.edu.pl](mailto:rafal.szymanski@usz.edu.pl);

<sup>2</sup>PhD, Assistant Professor at the Department of Organization and Management, Institute of Management, Faculty of Economics, Finance and Management, University of Szczecin, [malgorzata.skweres-kuchta@usz.edu.pl](mailto:malgorzata.skweres-kuchta@usz.edu.pl);

**Originality Value:** *This article presents the outcomes of original desk research. The topic addressed had not previously been discussed in international forums.*

**Keywords:** *NGOs, European funds, social economy entities, regional economy, project management, people with disabilities, inclusivity,*

**JEL classification:** *L31, L38, M19, M21, R11, R19, R58.*

**Paper type:** *Research article.*

**Research funding:** *Subsidy for research activities in the discipline of socio-economic geography and spatial management, no. 503-0003-230000-01.*

## **1. Introduction**

The third sector, also known as non-governmental organizations (NGOs), plays a significant role in the development of the local economy. They can influence its growth in various ways, such as initiating projects aimed at organizations employing people with disabilities, supporting entrepreneurship based on an "inclusive" model, or raising public awareness related to individuals with diverse abilities. Their actions contribute to increasing the potential of the local economy, creating jobs, and improving the quality of life for residents of local communities.

For this reason, collaboration with non-governmental organizations can be a crucial and effective element in implementing strategies for local economic development. NGOs can additionally have a substantial impact on the economy of the smallest administrative units in the country, such as municipalities, by promoting their sustainable development, improving social services, supporting entrepreneurship, and raising societal awareness, for example, regarding individuals with special needs.

One way for NGOs to influence the local economy is to initiate and support community projects that promote sustainable economic development. These initiatives can focus on tourism, culture, sports, or business development.

By providing training, organizing projects, and offering support to local entrepreneurs, NGOs can help create jobs and stimulate economic growth. NGOs can also directly or indirectly enhance the quality of social services in the local community by providing services that may not be available through government entities or private companies.

These services may include healthcare, education, sports, or culture, among others. By delivering these services, NGOs can help support various marginalized members of the community and improve their overall quality of life.

Furthermore, NGOs can promote entrepreneurship and regional economic development by providing access to capital, business training, and other resources for entrepreneurs employing or planning to employ people with disabilities. This can lead to the establishment of new businesses, contributing to job creation and economic growth. Finally, NGOs can help raise public awareness on important issues such as social justice, human rights, and inclusivity.

## 2. Literature Review

Non-profit organizations play a significant role in managing social, economic, and environmental challenges in regions, utilizing various sources of funding to sustain their operations and fulfill their missions. This literature review encompasses 25 publications that shed light on issues such as strategic planning, management, and financing in municipalities undertaking socio-economic initiatives, the impact of non-profit organizations on these activities, and the role of external factors such as government collaboration, EU funds, and regional civil society. The review provides insights into the opportunities and challenges faced by non-profit organizations in acquiring financial resources and organizing projects (Kadlubek *et al.*, 2022).

Strategic planning and governance are essential for the success of nonprofit organizations. Allison and Kaye (2005) emphasize the importance of strategic planning as a practical guide for nonprofits. Similarly, Behrendt and Braun (2020) highlight the governance structures that underpin effective nonprofit management. Funding is a critical aspect of nonprofit sustainability, and understanding the dynamics of funding sources is vital (Noja *et al.*, 2021; Norena-Chavez *et al.*, 2023).

Anheier and Daly (2014) develop an analytical framework for understanding the politics of nonprofit funding, while Eikenberry and Kluver (2016) discuss the marketization of the nonprofit sector and the potential risks it poses. The impact of EU funding on nonprofits in Central and Eastern Europe is examined by Bădescu and Moldovan (2013), Balsiger and Trappmann (2018), and Fohlin (2015).

The opportunities and challenges of financing NGOs in specific contexts, such as Romania (Dolea and Bodislav, 2017) and Poland (Kasprowicz and Kasprowicz, 2014; Oleksy, 2011; Widera, 2017), are also explored. Development NGOs and their contributions to global justice are discussed by Biekart and Fowler (2018). The challenges faced by nonprofits engaged in political advocacy are examined by Fisher (2017), Minkoff (2015), and Saxton and Wang (2014).

The impact of European integration and EU accession on financing civil society organizations is explored by Bruszt and McDermott (2013) and Ruta (2014). The globalization of the nonprofit sector and its responses to economic, political, and social changes are discussed in Calabrese and Seibel (2019) and Lipski (2010). The situation of people with disabilities and their role in shaping regional labor markets is detailed by Łysoń (2023).

About the limitations faced by people with disabilities in private life and, for example, in traveling, Werner (2022), Zajadacz (2020) and Jaworska (2013) also write.

This review serves as a valuable source of information for researchers, practitioners, and policymakers interested in understanding and supporting the significant contribution of the non-profit sector to an inclusive civil society (Thalassinos *et al.*, 2019; 2023; Thalassinos and Dafnos, 2015; Auzina *et al.*, 2023).

### **3. Methodology**

The authors based their study on a literature review of access to NGO funding sources in Poland. The bibliography contains 25 publications from 2005–2023, with the most recent ones from 2020–2023 regardless of their origin. During the desk research analysis, the authors used the following database, Scopus and Web of Science. The authors used these databases because of the ability to access them through their accounts and to enable the preparation of a complete literature list for the article.

As part of the analysis of micro-project financing, the authors based their research on a review of information regarding the "Fajna Ferajna" program, edition I, from the year 2023. They further deepened this analysis using an expert approach with the Delphi method, which is one of the tools for structuring the group communication process.

Participants and project supervisors of the "Autumn Joint Integration Action" project took part in the study. The "Autumn Joint Integration Action" project is co-financed by the BGK Foundation under the "Fajna Ferajna" program – edition I.

### **4. Research Results**

In Poland, as of the end of December 2021, there were about 138,000 NGOs, including more than 107,000 associations and nearly 31,000 foundations, registered in the REGON National Business Registry. Of these legal forms, associations make up the majority of registered NGOs in Poland. It is worth pointing out that the number of registered NGOs does not reflect the number of organizations actually operating.

The response to the needs for implementing projects that finance pro-social activities, with a particular emphasis on inclusivity, includes the "Fajna Ferajna" program. This program is aimed at entities that would like to organize integrative activities of diverse themes for children and youth aged 7 to 18. The idea of the program is to involve both "able-bodied" participants and those with various disabilities in the activities.

**Figure 1.** Number of non-governmental organizations registered in Poland from 2002 to 2021



*Source:* Own elaboration based on REGON and KRS databases.

The organizers' goal is to integrate students with various abilities into the peer group, on the principles of equality of rights and obligations, and to provide them with optimal conditions for harmonious development in all spheres of life. This indirectly aligns with combating barriers and exclusions, as discussed by Natkański (2023), among others.

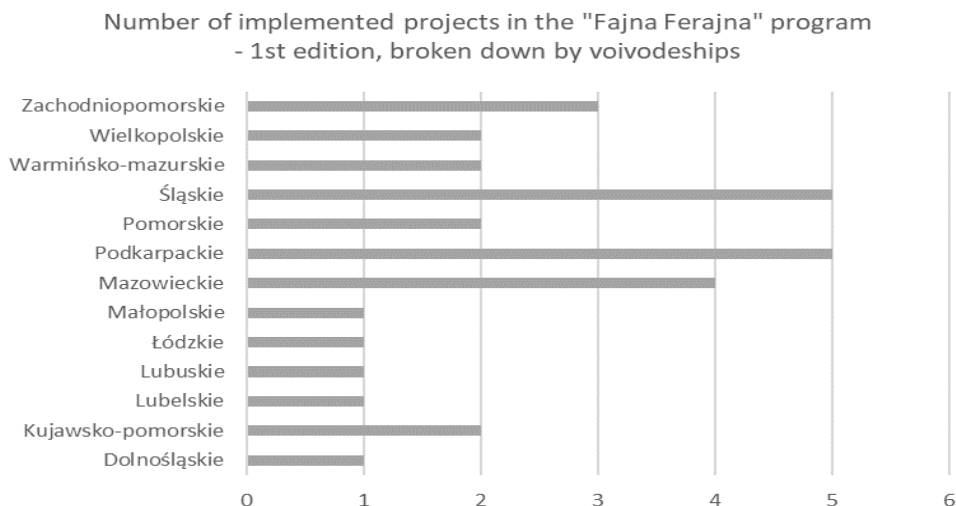
According to the organizers, this inclusive approach will bring benefits to both able-bodied and disabled children. However, it is important to emphasize the long-term goals, which, in the opinion of the authors, extend far beyond the program's duration.

Building proper communication patterns and shaping attitudes such as acceptance, sensitivity, respect, and collaboration among children and youth will result in the future development of relationships in adulthood that will positively impact regional socio-economic conditions. In this context, the significant interest in the program in various regions, as depicted in Figure 2, is not surprising.

The interest in the program among NGOs, regardless of their legal form, indicates broad possibilities for implementing project activities specified in the program regulations.

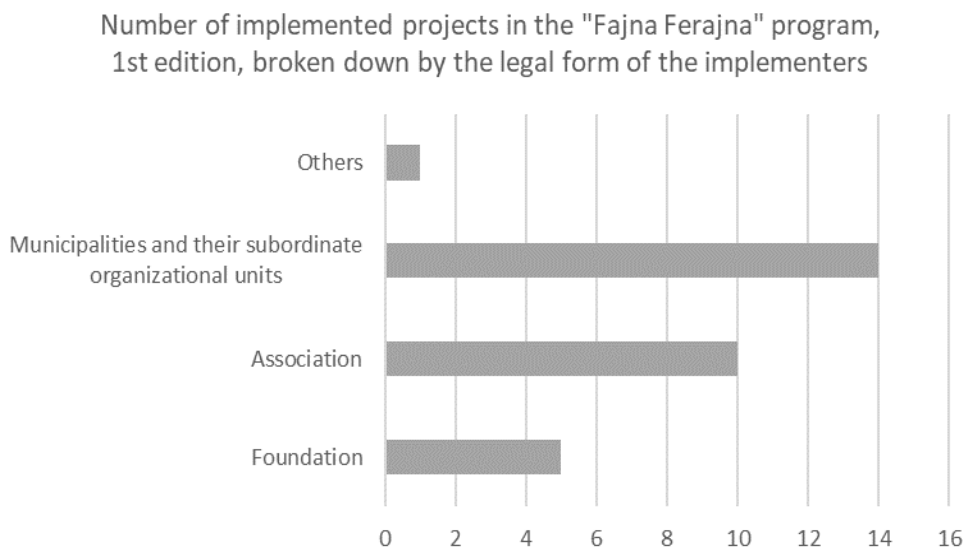
Although a relatively large number of municipalities and their subordinate organizational units as beneficiaries of the program suggests greater interest in the program among local government organizations than other NGOs. The structure of implemented projects, broken down by the legal form of beneficiaries, is presented in Figure 3.

**Figure 2.** Number of implemented projects in the "Fajna Ferajna" program- 1st edition, broken down by voivodeships



**Source:** Own elaboration based on <https://www.fundacja.bgk.pl/wp-content/uploads/2023/06/Lista-wynikow-Fajna-Ferajna-I-edycja-2023.pdf> (11.10.2023).

**Figure 3.** Number of implemented projects in the "Fajna Ferajna" program, 1st edition, broken down by the legal form of the implementers



**Source:** Own elaboration based on <https://www.fundacja.bgk.pl/wp-content/uploads/2023/06/Lista-wynikow-Fajna-Ferajna-I-edycja-2023.pdf> (11.10.2023).

The results of the research conducted by the authors among the final participants of the project „Autumn Joint Integration Action“ revealed that the project's

assumptions fully align with the needs of individuals with and without disabilities. A deeper analysis conducted in interviews with legal guardians of children and youth also highlighted the barriers that project organizers must contend with. In small, close-knit communities with populations below 100,000 inhabitants, the issue of disability, especially of an intellectual rather than physical nature, remains a taboo subject.

Very often, the identified conditions in children are concealed by parents who do not want their wards to be perceived as „different“, „strange“ or „ill“. In light of the results of these studies, in the authors' opinion, it is even more justified and necessary to implement projects with elements of inclusivity, especially in rural areas and in municipalities with low population density.

## 5. Discussion

Assessing changes in the wealth of NGOs is crucial to understanding the sector's financial situation. For this purpose, the average values of an organization's revenues in a given year and the percentage distribution of organizations whose revenues fall within each range are often used. Average revenues are determined based on the median, meaning that half of the organizations have less revenues and the other half have more revenues than the median value.

Organizations' real revenue levels have not increased since 2001, and at most have remained at similar levels or declined, as was the case between 2003 and 2011 and in 2020. It is worth noting that the average revenue of an organization also depends on many other factors, such as the type of activity, organizational form, geographic coverage, size of the organization and many others.

Therefore, in addition to the value of average revenues, it is also worth noting the structure of revenues within the sector to get a more complete picture of the financial situation of NGOs.

Non-governmental organizations have a variety of sources of funding for their activities, including collecting membership fees, applying for grants from local government or government/central institutions, and acquiring donations from individuals, companies or institutions, among others. Over the past two decades, several changes can be seen in the level of use of these five most popular sources of financing.

The use of government funds also increased by 10 percentage points between 2001 and 2020, despite a marked break in the upward trend in 2011. Sources of revenue are crucial to the operation of NGOs and determine their financial stability.

In addition, an increase or decrease in the share of a source does not necessarily mean a change in the nominal value of the funds flowing from it. This is because if

the overall amount of an organization's budget changes, the percentage of funds from a particular source (even if the amount from it is the same) is affected. Interpretation of shifts in the composition of revenue sources used by organizations over the past 20 years is complicated because of various objections and data on the share of each source in the sector's budget in successive years.

## **6. Conclusion**

In summary, financing projects of moderate scale, both in terms of budget and scope, exerts a significant influence on the cultivation of civic attitudes and the development of non-governmental organizations (NGOs). The "Fajna Ferajna" Program, Edition I, funded by the BGK Foundation under the patronage of J.K. Steczkowski, serves as an illustrative example of how grants directed towards the implementation of inclusive projects impact the engagement of local small communities and contribute to the socio-economic development of the local economy.

The number of applications submitted within the program attests to the project awareness of applicants, though it does not always translate into an understanding of the challenges inherent in project implementation.

The significance of assistance provided by organizations such as the Bank Gospodarstwa Krajowego within the framework of the BGK Foundation, named after J.K. Steczkowski, remains closely intertwined with the development of local economies. This linkage is primarily attributed to projects being executed with the involvement of local businesses, with funds being channeled to them through purchases made within the projects.

Furthermore, individuals engaged in volunteer projects often sustain their commitment, either by returning to employment (individuals aged 65 and above) or by actively participating in mentoring young project participants entering the job market. The aspect of inclusivity, particularly concerning individuals with disabilities, who are frequently marginalized in the job market irrespective of gender and age, holds heightened significance in this context.

The authors recommend that entities availing support for their non-profit organizations, within the ambit of all projects incorporating an inclusive dimension, dedicate particular attention to pre-project needs analysis targeting the ultimate beneficiaries. Challenges associated with breaking down societal perceptions among beneficiaries and their families pose a substantial obstacle to recruiting participants for such projects.

Drawing from a review of literature and practical experiences, including those associated with the "Autumn Joint Integration Action" project, the authors advocate for the active engagement in the recruitment and implementation processes by



entities that locally specialize in supporting individuals with disabilities. The support of local organizations consistently serves as invaluable motivation for project team members, beneficiaries, and their immediate surroundings. Such an approach, in the authors' perspective, will aid implementers in maximizing the anticipated effects of inclusivity in these projects.

**References:**

- Allison, M., Kaye, J. 2005. Strategic planning for nonprofit organizations: A practical guide and workbook. John Wiley & Sons.
- Anheier, H.K., Daly, S. 2014. The politics of nonprofit funding: An analytical framework. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 25(6), 1519-1537.
- Anheier, H.K., Toepler, S. (Eds). 2017. *International Encyclopedia of Civil Society*. Springer.
- Auzina, I., Volkova, T., Norena-Chavez, D., Kadłubek, M., Thalassinou, I.E. 2023. Cyber Incident Response Managerial Approaches for Enhancing Small–Medium-Size Enterprise's Cyber Maturity. In *Digital Transformation, Strategic Resilience, Cyber Security and Risk Management* (pp. 175-190). Emerald Publishing Limited.
- Bădescu, G., Moldovan, A. 2013. Access to EU funding for NGOs in Central and Eastern Europe. *Eurolimes*, 15, 54-69.
- Balsiger, J., Trappmann, V. 2018. The role of EU funding for non-governmental organizations in Eastern Europe. *Journal of Civil Society*, 14(3), 251-270.
- Behrendt, C., Braun, D. (Eds). 2020. *The governance of nonprofit organizations*. Springer.
- Biekart, K., Fowler, A. (Eds). 2018. *Development NGOs and global justice: A social movement based approach*. Routledge.
- Bruszt, L., McDermott, G.A. 2013. Financing civil society in Eastern Europe: The impact of European Union accession. *East European Politics and Societies*, 27(1), 81-103.
- Calabrese, L.H., Seibel, W. (Eds). 2019. *Globalization and the Nonprofit Sector: The Impact of Economic, Political, and Social Change*. Routledge.
- Dolea, A., Bodislav, D. 2017. Financing NGOs in Romania: opportunities and challenges in the EU context. *Procedia Economics and Finance*, 39, 765-771.
- Eikenberry, A.M., Kluver, J.D. 2016. *The marketization of the nonprofit sector: Civil society at risk?* Routledge.
- Fisher, R.J. 2017. *Nonprofit organizations and advocacy: Engaging community and government in an era of retrenchment*. Routledge.
- Fohlin, C. 2015. The role of EU funding for civil society organizations in the post-communist countries. *Communist and Post-Communist Studies*, 48(1-2), 67-76.
- Jaworska, M. 2013. The role of tourism for people with disabilities in shaping social attitudes. In: *Conditions and Development Plans of Tourism, Vol. XI. Proposals for Accessibility of the Sierakowski Landscape Park for People with Disabilities*.
- Kadłubek, M., Thalassinou, I.E., Domagała, J., Grabowska, S., Saniuk, S. 2022. Intelligent transportation system applications and logistics resources for logistics customer service in road freight transport enterprises. *Energies*, 15(13), 4668.
- Kasprowicz, D., Kasprowicz, R. 2014. Financing non-governmental organizations in Poland—challenges and opportunities. *Polish Journal of Management Studies*, 10(1), 100-109.
- Lipski, M. 2010. *Biurokracja na poziomie ulicy: dylematy jednostki w usługach publicznych*. Fundacja Russella Sage'a.

- Łysoń, P. 2023. Situation of people with disabilities. Social Research Department, GUS.
- Minkoff, D.C. 2015. Financing social change: Political advocacy and nonprofit lobbying organizations. University of Chicago Press.
- Natkański, P. 2023. The environment of people with disabilities as a pillar in the inclusiveness of entrepreneurship. In: P. Łysoń (Ed.), *The situation of people with disabilities: A demographic, economic, and social portrait*. Materials from the III Demographic Congress, part 14, p. 109.
- Noja, G.G., Cristea, M., Thalassinou, I.E., Kadłubek, M. 2021. Interlinkages between government resources management, environmental support, and good public governance. *Advanced Insights from the European Union*. Resources, 10(5), 41.
- Norena-Chavez, D., Eleftherios Thalassinou, I.E. 2023. Impact of big data analytics in project success: Mediating role of intellectual capital and knowledge sharing. *Journal of Infrastructure, Policy and Development*, Vol. 7, Issue 3, Article ID: 2583. DOI: <https://doi.org/10.24294/jipd.v7i3.2583>.
- Oleksy, E.H. 2011. Financial management of NGOs in Poland. *Public Policy and Administration*, 10(2), 161-173.
- Ruta, D. 2014. Accessing EU funds in Central and Eastern Europe: the case of NGOs. *Journal of European Integration*, 36(2), 147-162.
- Saxton, G.D., Wang, L.C. 2014. The impact of foundation funding on nonprofit advocacy: Evidence from the National Taxonomy of Exempt Entities (NTEE) codes. *Nonprofit and Voluntary Sector Quarterly*, 43(4), 721-742.
- Thalassinou, I.E., Dafnos, G. 2015. EMU and the process of European integration: Southern Europe's economic challenges and the need for revisiting EMU's institutional framework. *Societies in Transition: Economic, Political and Security Transformations in Contemporary Europe*, 15-37.
- Thalassinou, I.E., Cristea, M., Noja, G.G. 2019. Measuring active ageing within the European Union: Implications on economic development. *Equilibrium. Quarterly Journal of Economics and Economic Policy*, 14(4), 591-609.
- Thalassinou, I. E., Kadłubek, M., Norena-Chavez, D. 2023. Theoretical Essence of Organisational Resilience in Management. In *Digital Transformation, Strategic Resilience, Cyber Security and Risk Management* (pp. 133-145). Emerald Publishing Limited.
- Werner, A. 2022. People with disabilities as a target group for the tourism sector. In: P. Niedźwiecka-Rystwek & others (Eds), *Local Interdisciplinary Meetings*. Post-conference Publication, 28–40. Szczecin: Publishing House of the Foundation for Sociological Research Center.
- Widera, A. 2017. Financial sustainability of non-governmental organizations in Poland—challenges and opportunities. *Nauki o Finansach*, 1(32), 103-114.
- Zajadacz, A. (Red.). 2020. *Accessible Tourism. Recommendations for the tourism services sector*. Poznań: Wielkopolska Tourist Organization.