

Factors Influencing NGO Activities: Lithuanian Case Study

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Abstract: The article aims to explore the external and internal factors influencing the activities of NGOs, in Lithuania. A qualitative empirical study was conducted (10 expert surveys) on this issue, what are the factors that help and hinder the activities of NGOs in Lithuania. The study allowed us to identify groups of factors positively influencing the activities of NGOs: human skills; infrastructure, as well as the organisation's relationship with public authorities, the hindering factors were also identified: the application of contracting authority status to NGOs; "activities in the public interest" interpretation; peculiarities of taxation of non-profit organizations; etc. The most relevant groups of NGO activity problems and related legal acts were distinguished: application of the contracting authority status to NGOs (Law on Public Procurement of the Republic of Lithuania); Interpretation of "activities in the public interest" (STI material). Peculiarities of taxation of non-profit organizations; etc. legislation); application of corporate income tax to non-profit organizations (Law on Corporate Income Tax of the Republic of Lithuania).

Keywords: Non-governmental organizations, internal factors, external factors, incentives, constraints, legal environment.

1. INTRODUCTION

The growing role of NGOs is based on the involvement of citizens and other interest groups in decision-making and network-based governance, emphasizing the modernization of public administration, the importance of inter-institutional integration, the democratization of governance, and openness and transparency in creating public value (Greve 2013; Crosby *et al.*, 2017; Meynhardt *et al.*, 2017). These organizations enable citizens to participate directly in the problem-solving process thus strengthening inter-institutional cooperation and encouraging the participation of civil society in public administration, but for various financial or political reasons, NGOs do not receive sufficient attention from public authorities or the private sector.

When analysing the concept and basic principles of non-governmental organizations (NGOs), it is crucial that the emergence of non-profit organizations can be attributed to their dual function as supply or demand organizations (Banks *et al.*, 2012, p. 24), depending on whether it puts pressure on public sector bodies to participate (or seek to participate) in decision-making, or whether it engages in service delivery and other similar cooperation mechanisms.

According to the authors, the emergence of NGOs is primarily associated with market failure and the

emerging need to meet the needs of the population (Pejcal *et al.*, 2017, p. 178), which is especially relevant for various social and other services and the current pandemic situation. T. Brandsen and T. Steen note that in the current context, public sector institutions are dependent on citizens not only for complying with their taken top-down decisions but also for many bottom-up decisions and initiatives of individual citizens and NGOs (Taco and Trui 2020), which run in parallel with public sector activities and help to tackle the challenges of keeping society functional or at least meeting its minimum needs.

Analysing the areas of activity of NGOs and their possible role, in the context in which they operate is crucial. Depending on the region under analysis, they may be understood as service providers or advocacy organizations (in the field of nature protection, human rights, and others, or simply assigned the role of "advocates of the poor") (Banks *et al.*, 2012; Monika and Dina, 2021; PerOla and Katrin, 2014; Xinya *et al.*, 2018). However, their activities are not limited only to the provision of services and the filling of market gaps through their direct involvement or "outcries", when problems arise. Their role in representing civil society and its interests groups is even more important. It is important to emphasize that the role of "demand organizations" cannot be understood as a "rejection" or declaration of a negative opinion of civil society on certain issues, but must be based on constructive cooperation and submission of proposals (PerOla and Katrin, 2014), only then will it be possible to talk about

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proper representation and participation in co-governance processes. Such participation can be described as based on the equal participation of all sectors in public sector decision-making and planning and is often described as negotiation-based management for mutual benefit (Pestoff Victor 2012).

Based on these insights, it can be stated that finding a balance between top-down and bottom-up, based on the real involvement of the NGO sector would ensure the achievement of these objectives and facilitate partnership-based cooperation.

According to stakeholder theory, NGO involvement and interaction with the public sector can be seen as a function of how well an organization manages its relationships with other organizations that may have an impact on the achievement of its goals (Freeman *et al.*, 2020).

Najam Four-C's Model distinguishes four different combinations to explain the relationships between NGOs and public administration: (1) cooperation - occurring when both the state and NGOs pursue similar objectives and select similar means, (2) complementarity - when they have similar objectives but prefer to choose different means for their achievement, (3) co-optation - when both sides have similar strategies, but different objectives, and (4) confrontation - occurring when both the objectives and the strategies (means) differ between the state and NGOs (Monika and Dina, 2021). Similar modes of their interaction also can be found in the works of other authors (Pablo and Liao, 2006; Pestoff Victor 2013; Osborne *et al.*, 2004), who argue that existing empirical studies do not currently establish an exact interdependence in different states or different areas of their public sector. Different combinations of forms of cooperation (from bribery and manipulation to co-governance) may be used in different countries or different areas of their public sector, independently of each other.

Based on these insights, it can be stated that despite what kind of relationship between the NGOs and the public sector, the participation and the growth of NGO's "power" in modern public administration are inevitable (Pestoff Victor 2013; Osborne *et al.*, 2004). As a consequence – public sector institutions must find a balance between top-down and bottom-up initiatives, seeking to ensure real involvement of the NGO sector, citizens empowerment, and partnership-based cooperation.

It is also noted in the literature that although the abundance of NGOs is one of the key features of an open civil society, their development and promotion are not always identical to the growth and development of civil society activity. NGOs are often perceived not as a separate sector, but as a link between the public sector and society (Grigaliūnaitė *et al.*, 2006; Epperly *et al.*, 2015; Brandsen *et al.*, 2015) Therefore, the qualitative parameters of their activities are also very important. Analysing the NGO sector in Lithuania, we can distinguish similar stages of its development as in the neighbouring countries, linking them with the change of forms of governance, transition to the new public management and implementation of new public management principles, etc. public sector reforms (Pestoff Victor 2013). Despite the changes that have taken place, NGOs in the Baltic States were not well prepared to act as an agent of civil society at the local, national, or even international level, and their internal governance and external influence is far from ideal one (Grigaliūnaitė *et al.*, 2006).

Analysing the situation of NGO's, it is mentioned that the partnership between the public sector and NGOs is successful just in case both sides are interested in it and government could (and should) play an active role in encouraging citizen participation (Butkevičienė *et al.*, 2010; Tallberg *et al.*, 2018). However, some research reveals, that according to the opinion of NGO members, the municipality never knocks at the door asking for partnership: NGOs should understand that they have to initiate partnership, and only then municipality comes (Butkevičienė *et al.*, 2010) and it is emphasized that it is NGOs that tend to take on more and more responsibilities and change their role from "implementer" to initiator, convener, advocate, leader, and innovator (Xinya *et al.*, 2018).

To determine the criteria that have the greatest impact on the activities of non-governmental organizations and determine their success, it is emphasized that the continuity of the initiative of the organizations and the functions they perform is insufficient, it is necessary to create favourable conditions for their further development. In developing a multidimensional and integrated model of non-profit organizational effectiveness (MIMNOE), J. E. Sowa *et al.* 2014 noticed that the authors so far have analysed the performance evaluation and performance of organizations by focusing on a few criteria: organizational goals and implementation procedures, existing internal measurement and self-assessment

systems and external factors, but often have not paid attention to other factors. It is suggested to pay attention to the following principles when evaluating the performance of organizations:

1. There are many dimensions to efficiency, but first and foremost the effectiveness of management and programs should be distinguished. which consists of 2 sub-dimensions: process and organizational structure and organizational results.
2. Data must be comprehensible, objective, and recorded.
3. The efficiency model must be flexible and allow it to be used when examining different programs or organizational structures.

When analysing NGO operating principles, their activities, and the conditions required for their development, the most important thing that should be taken into account is the environment in which these organizations operate and the extent to which they create favourable or unfavorable conditions for their development.

The current situation in Lithuania can be analysed based on the annual Civil Society Organization Sustainability Index (Figure 1), according to which the field of advocacy is the most developed in Lithuania, and the financial viability and service provision is the weakest. Based on this index, it should be noted that although the general situation in Lithuania has slightly improved over the last five years (the overall index has

risen from 2.7 to 2.5), the improvement is insufficient, and it is stated that strengthening the sustainability of NGOs in all areas is still not ensured (sustainability enhanced when the index is less than 3) (Civil Society Organization Sustainability Index on Lithuania: 2019).

According to Meynhardt *et al.* 2017 the guiding question for public management is “What makes our organization valuable to society?” The same question is relevant to NGOs. If we analyse the role of NGOs as service providers, it should be emphasized that in many European countries, including Lithuania, social activities and social services (where a very large proportion of NGOs operate) are increasingly commercialized, that is based on the market orientation of their services and their potential dependence on public sector funding or donations to non-profit organizations (Laurisz Norbert 2019; Beatriz and Sara 2019). It is also emphasized that the ability of organizations themselves to represent their interests often depends on how successfully they can realize their goals and form a positive public image, so all responsibility for their current situation in Lithuania cannot be transferred to the public sector alone.

The aim of the article is to explore the external and internal factors influencing the activities of NGOs, to conduct empirical research (expert interview) examining what promotes and what limits the activities of NGOs in Lithuania. The study allowed to identify groups of factors positively influencing the activities of NGOs: human skills; infrastructure, as well as the organisation's relationship with public authorities, the problematic aspects were also identified: the application of contracting authority status to NGOs;

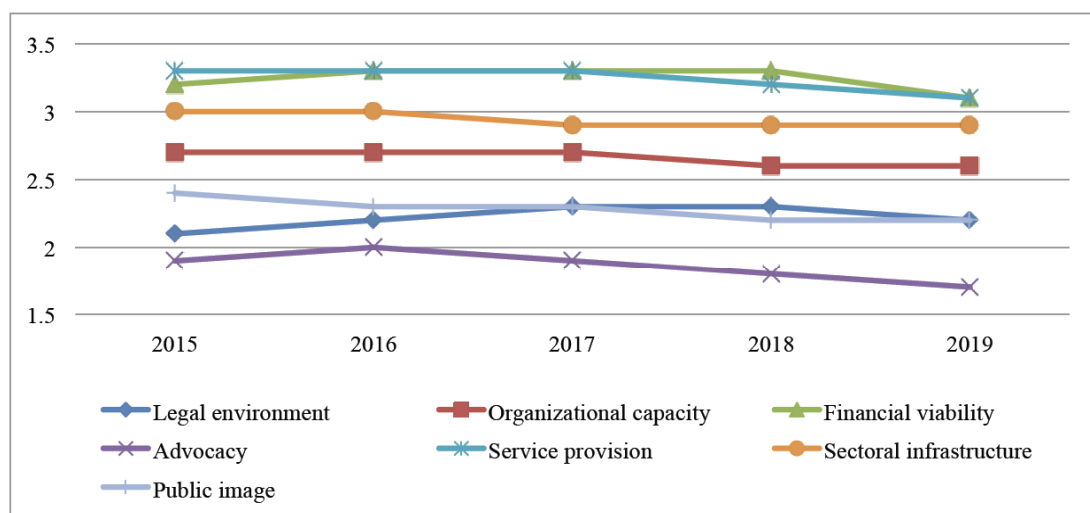


Figure 1: Civil Society Organization Sustainability Index on Lithuania (Civil Society Organization Sustainability Index on Lithuania, 2019).

"activities in the public interest" interpretation; peculiarities of taxation of non-profit organizations; etc.

Greater attention should be paid to these groups of factors to strengthen the activities of non-governmental organizations and create better conditions for their development.

2. MATERIALS AND METHODS

Along with the analysis of statistical and legal information on NGO activities in Lithuania, an empirical study was conducted using a qualitative research method - a semi-structured expert interview - to reveal in more detail the peculiarities of the research object for improving the NGO's legal and tax environment.

The empirical research aims to single out the factors influencing the activities of NGOs in Lithuania.

To achieve this goal, research questions were raised:

What factors determine the success of an NGO?

What legal basis justifies and facilitates the activities of NGOs?

What improvements in the legal environment would improve the activities of NGOs?

The selection of informants is based on the position of the authors (Patton, 2001, Gaižauskaitė, Valavičienė, 2016, p. 36, van Thiel, 2014, Peters *et al.*, 2016,) that the number of informants in qualitative research directly depends on the specifics of the case under study, qualitative research does not aim to be representative. The validity and significance of the results are more related to the content of the

information provided in the selected cases and to the analytical skills of the investigator himself than to the size of the selected sample.

The study informants (experts) were selected using criteria such as knowledge, work experience, relationship with the phenomenon, partly "stratified" (according to the legal status of the represented organization - association, public body, charity support fund), and activity group (public service provider, advocate) and using a 'snowball' method (expert recommends expert). The sample of experts participating in the study was formed considering the informativeness of the collected data, i. new sample units are included in the survey until the informativeness of the incoming data begins to decline. The characteristics of the experts participating in the study are presented in Table 1.

The interview questionnaire is designed to answer the research questions: a) What factors contribute to the success of an NGO? b) What are the main legal acts in the context of the activities of the NGOs represented? c) What improvements in the legal environment would improve the functioning of NGOs?

The experts were interviewed using a semi-structured interview method, adhering to the order of the questions, but not avoiding delving into the subtleties of the respective questions to achieve the goal of the research.

In order to achieve the internal validity (credibility) of the study results, which is related to the accuracy of the study results, and the validity of the conclusions, the following methods were used: a) information was collected from different sources and in different ways,

Table 1: Informants (Experts) who Participated in the Interviews

Expert code	Experience in the field of NGOs
E1	Representative of the Lithuanian Council of Youth Organizations (LiJOT), experience in NGO administration for 6 years
E2	Representative of the Charity Support Fund "Maisto Bankas"; over 20 years in the field of NGOs
E3	Representative of the Lithuanian Association of Local Community Organizations; over 17 years in the field of NGOs
E4	Representative of the federation "Ateitininkai"; over 20 years in the field of NGOs
E5	Representative of the National Network of Poverty Reduction Organizations; over 10 years in the field of NGOs
E6	Representative of SOPA; over 20 years in the field of NGOs
E7	Representative of the NGO Information and Support Centre for over 10 years in the field of NGOs
E8	Representative of the Open Lithuania Foundation; experience of 20 years in the field of NGOs
E9	Representative of the Lithuanian Council of Youth Organizations (LiJOT), experience in NGOs for 12 years
E10	Representative of the Lithuanian Forum of Disabled People's Organizations (LNF), over 10 years in the field of NGOs

comparable); (b) the recording media used; (c) control of participants (results are re-checked for interpretation).

The course of the empirical research consisted of:

- Questionnaire - preparation of interview questions;
- Sampling of the survey (identification of respondents);
- Organization of interviews and data collection;
- Transcription of text, translation of primary data into semantic units (categories and subcategories); (Table 2 provides excerpts from the analysis).
- Analysis of semantic units and summary of research results.

The transcribed texts were read and analysed many times. The following principles of analysis of research data were followed in the analysis of the text (Dahlgren, Fallsberg, 1991):

1. Familiarization with the research data - the transcribed texts were read several times, for each researcher to form an opinion about the obtained research data.

2. Compilation of responses - the most significant were identified for each study participant elements of responses, focusing on the similarities and differences between the excerpts extracted.
3. Data reduction - the aim was to clarify the meaning of each answer.
4. Grouping - similar responses describing the phenomenon were grouped, preliminary groups of categories were singled out, and the responses were regrouped. An initial list of categories was drawn up.
5. Preliminary comparison of categories - the boundaries of the categories were defined, and it is assessed whether the selected primary categories accurately reflect the experience of the study participants.
6. Naming of categories - based on their internal features and peculiarities, the essence of those categories was highlighted, and the appropriate names of the categories were given.
7. Contrastive comparison of categories - by highlighting the features of each category, we have created the final structure of the categories, based on their interrelationships and hierarchy.

Table 2: Excerpts from the Analysis of the Question “What Factors Contribute to the Success of an NGO?”

Category	Subcategory	Illustrative statements
Human skills	Leadership	<i>“... a leading and mobilizing leader is important” [E1]; “... change of people in an organization without a leader”; [E9]; “<...> everything depends on the leader” [E6]; “... NGOs cannot succeed without a leader” [E3];</i>
	Communication	<i>“... not everyone can respond to an institution or other organization” [E8]; “... lack of ability to communicate” [E4]; “... it is important to be able to exchange information” [E6]; “<...> may, but does not always, understand the feedback” [E5]; “... if you don’t talk, what can you do together?” [E2];</i>
	Administrative skills	<i>“... ability to formulate thoughts in writing and orally, clerical work” [E9]; “... to keep the organisation’s paper properly” [E1]; “... the collection of activity data is important” [E3]; “... documentation must be kept in order and, where necessary, information must be readily available [E7];</i>
	Teamwork	<i>“<...> works not for money but for teams” [E5]; “<...> not everyone is able to work together” [E4]; “<...> team sense” [E3]; “<...> can only achieve by working together” [E2];</i>
Infrastructure	Premises	<i>“<...> a physical location is required for the activity [E9]; “... you can meet everywhere, but the organization’s property must be gathered in one place” [E7]; “<...> there must be a place to work with volunteers so that they know that they can come there” [E2];</i>
	Information technology tools	<i>“<...> we handle many things virtually” [E1]; “... NGOs are rapidly adapting to and exploiting modern life” [E2]; “... office staff must be equipped with computers’ [E1]; “<...> we would not work without the Internet” [E8];</i>

Below in this article, analysing the results of the study based on the methodology of the qualitative study, we also provided confirmatory statements (excerpts from the answers provided by the informants) that cannot be modified by the researcher and are quoted exactly as the informant himself said.

3. RESULTS

An Overview of the Helping and Hindering Factors of NGO Activities in Lithuania

Non-governmental organizations in Lithuania are defined as public legal entities established voluntarily for the benefit of society or its group, independent of the management of state or municipal institutions and establishments, whose purpose is not to seek political power or pursue purely religious goals (19 December 2013 No XII-717). The law states that NGOs are not political parties or legal entities, more than 1/3 of the participants of which are legal entities that are not non-governmental organizations or religious communities or associations, etc.

The number of organizations meeting the status of non-profit organizations in Lithuania is increasing every year, but the number of organizations that have submitted reports or received support from the population during 2015-2019 changes little and remains similar every year (Registru centras Naujienos 2020). So though in 2019 were registered in 32,504 such organizations, it is assumed that there were only about 15 thousand of active non-profit organizations (including state and municipally controlled public institutions and business associations) in Lithuania (Lietuvos statistikos departamentas 2014).

Although from 2020 in Lithuania, NGOs have the opportunity to mark their status in the register, indicating whether they belong to an NGO or not (Registru centras Naujienos 2020), in Lithuania, there is still no accurate database of NGOs, which would allow identifying how many organizations operate and their areas of activity, as only a small number of organizations use this opportunity. In January 2021, the status of NGOs in the register was confirmed by only 875 organizations, and in March - 1,078 organizations (Registru centras 2021).

Thus, in terms of helping and hindering factors, it is not enough to analyse regulation (NVO teisės institutės 2021), funding or other statistics. Analysing the potential civic activity of the Lithuanian population and involvement in NGO activities, we can rely on the Civic

Power Index (Civil Society Institute 2020), which in 2016 reached 37 points out of 100, and in 2019 increased to 39.7 points. The index shows that in recent years the population has become more confident and appreciative of the potential impact of public organizations, communities, and themselves on public decision-making. The most active participation in solving problems of local significance can be expected in which 68% would actively participate. respondents to the survey.

Summary of the Results of the Expert Interviews

In addition to a sustainable legal environment, the experts participating in the study emphasized human skills (especially leadership, communication, teamwork, and administrative skills), infrastructure (premises, information technology tools, etc.), and relationship (partnership sought) with the public authorities. (E1; E2; E3; E4; E9). Greater attention should be paid to these groups of factors to strengthen the activities of non-governmental organizations by facilitating their development.

Some experts (E1; E4; E5; E9) noted that the existing laws could be considered favourable for the development of NGOs, ("<...> laws as they are" [E2], "<...> we have a legal basis for our activities" [E6]) but sometimes their interpretation in public administration institutions (ministries and municipal administrations) and the accompanying legislation presuppose an NGO-government-based administrative or based on criminal proceedings, but not in partnership, a "huge" (not always financially burdensome) administrative burden. The most common examples provided by experts concerned the reporting of funding received for activities with high requirements for activity and financial statements, lists of participants, and other documents, but no funding for administration. Lack of operational flexibility and process orientation rather than outcome were also highlighted (E1; E4; E6; E9) ("<...> they are more interested in the list of participants in a single event than in the new skills of a project participant" (E4). Notable that, funding is allocated according to project management principles (to implement projects), but the component of project management outcome (essential, this management method) becomes less important than the process control mechanism of traditional public administration (according to M. Weber's "Bureaucracy Theory") and the principles of the administrative process are applied to ensure the implementation of the project management method).

Regarding the administrative burden, the experts (E1; E4; E5; E9) noted that it is important to ensure the transparency of NGO activities, but that the deadlines for preparing and submitting various declarations, certificates, and reports should be ensured, which would facilitate financial planning and longer-term planning period. Changes should allow for a longer reasonable time to adapt, informing about changes (E1; E9). Even the deregistration of obsolete NGOs from the Register of Legal Entities requires a lot of time (about 3-4 months) and relevant competencies (E7).

An opinion has been expressed that the legal status of an NGO should coincide with its main activities (i.e., a public body for social services; an association for advocacy and membership building, and charitable fundraising), which would increase the transparency of the NGO sector (E10).

The experts who participated in the research mostly singled out the laws of NGO Development, Associations, Public Institutions, Charity, and Support Funds as the main ones regulating the activities of NGOs. Laws close to them are often mentioned - the Laws on Charity and Support and the Law on the Development of Community Organizations.

It should be noted that during the empirical research the draft Law on the Development of Non-Governmental Organizations with amendments was discussed in the Seimas of the Republic of Lithuania, therefore the principled insights of the experts on the provisions are important, but the proposals may be less relevant. Discussing this law, experts stated that to create equal opportunities for non-governmental organizations to participate in the provision of services and ensure independence from municipalities, it is important to improve the definition of an NGO by stating that a municipal or state institution cannot be a shareholder in the establishment of an organization (E3; E7), so it is necessary to clarify the definition of non-governmental organizations.

According to experts (E3; E7), the Law on the Development of Community Organizations is inconsistent with the Law on the Development of Non-Governmental Organizations and Self-Government, and no funds are allocated for its proper implementation. Community-based organizations are a type of non-governmental organization and should be subject to all the conditions that apply to other NGOs. Now, the statutory councils of community organizations (both national and self-governing) overlap or lack a

clear relationship with the functions of councils of non-governmental organizations. (E3; E7).

Expert (E3) suggests that the definition of a community organization itself be clarified (Article 2 (1)): "the public interest" needs to be clarified ("<...> everyone pretends to be in the public interest, but where are those red lines for which he is no longer public?" (E3)); the minimum number of inhabitants or their representatives who form such an organization could be indicated (at least 10 recommended) (E3).

The Law on Community Organizations identifies three main ministries (the Ministry of the Interior together with the Ministry of Social Security and Labour and the Ministry of Agriculture) that formulate the policy for the development of community organizations, organize its implementation, coordinate and control what is to be done, however, it is not entirely clear who should be the "leader" who gathers information and initiates research that analyses the state of community organizations, and so on. Experts emphasized the need for a clearer division of responsibilities between the institutions to clarify the development of the activities of community-based organizations. When several ministries are in charge - "many babysitters - a child without a head". (E3)

The law specifies the areas of implementation of the development policy of community organizations, including health care and health, the question arises as to the extent to which community organizations operate or should operate in the field of health care and, if so, why the Ministry of Health is not included in the list of ministries supervising this law (E7).

Discussing the Law on Associations of the Republic of Lithuania, experts (E7, E8) pointed out that the activities of non-governmental organizations would be more successful if unnecessary restrictions on associations, especially those related to the general meeting of members, were reduced. This now restricts the freedom of association and the ability of organizations to choose the most appropriate structure and the most efficient way to operate.

Discussing the current wording of the Law on Public Institutions, experts stated that to strengthen the transparency of non-governmental public institutions, a clear distinction should be made between institutions in which the state or municipality is a stakeholder and non-governmental public institutions (E8; E10). Also, for reasons of operational flexibility, experts (E7; E8)

suggested that the head of an organization operating under the Public Institutions Act could be a volunteer.

Experts also pointed out that the Public Institutions Act requires a regulated mechanism when a person wants to withdraw from stakeholders. The procedure itself must be clear when a shareholder leaves a public body and collects or retains its shareholder's contribution to the activities of the public body (E8). At present, the law does not provide for such a possibility and the State Enterprise Centre of Registers does not allow the registration of a shareholder's exit, only the procedures for the transfer or sale of a shareholder's rights are provided.

Also, according to experts, there have been cases when it would be relevant to provide for the possibility to sell the rights of a shareholder only for their real "book value", i.e., for the amount deposited in the account of the public body. It was noted that the representatives of the State Tax Inspectorate have already expressed a negative opinion on the sale of shareholders' rights for book value in individual cases that in such cases, there must be a market value determined by the appraisers of the property and the sale of the rights of the shareholder in the public body had to take place at that fixed value. Otherwise, the purchaser risks being subject to personal income tax (PIT) on the difference between the market value and the fair value of the shareholder's contribution as income received. This also creates additional administrative burdens and seeks ways to outsmart (E8).

The experts pointed out that Chapter 4 of Article 7 of the Law on Charity and Support regulates which foreign organizations may be beneficiaries: "4. Beneficiaries may be Lithuanian communities and other Lithuanian institutions or organizations established abroad in the list approved by the Government of the Republic of Lithuania (hereinafter - the Government) or an institution authorized by it." income tax (Item 4 of Article 5 of the Law on Profit Tax of the Republic of Lithuania 2001). This provision restricts the establishment of international funds/organizations in Lithuania, as well as prevents Lithuanian NGOs from participating in tenders for support distribution operators announced by foreign funds.

A proposal was made to change these provisions of the Law of the Republic of Lithuania to "taking into account the improving economic situation in Lithuania and facilitating the provision of support to foreign

NGOs, and opening opportunities for Lithuanian NGOs to participate in tenders for international support distribution operators, strengthening Lithuanian NGOs. Beneficiaries may be non-governmental and community institutions and organizations established abroad with the status of an NGO approved in the country of establishment" (E2, E8).

The Law on Charitable Support Funds restricts the ability of funds to borrow for lack of working capital or other purposes necessary for the development of the organization (e.g., it is prohibited to lease a car that is necessary to ensure business continuity) ("<...> we use cars to collect and transport food" (E7). Experts noted that larger organizations operating under the law are still looking for solutions and are violating this provision.

There is a provision in the Law on the Charity Support Fund that prohibits the allocation of more than 20% to the administration of an organization. available funds, limiting operational flexibility, as some organizations carry out projects that provide or allow for 30-40 percent or more of the administration (E7).

Experts pointed out that transparency is an important basis for the activities of NGOs, the state, and its institutions must receive all the information necessary to control these processes, but there should be simpler requirements for accountability in the public sphere, e.g. the obligation to publicize larger sponsors in the public sphere if the sponsor expresses a wish not to do so ("... some of our supporters want to remain anonymous" (E8), unless asked formally to indicate the purpose of that inquiry (E10). It is mandatory to inform the State Tax Inspectorate about large grants received from legal entities, but transparency would be ensured by informing about it at the end of the year as well, which would reduce the administrative burden (E2, E8).

4. DISCUSSION

When reviewing the legal environment of NGOs, it should also be emphasized that the establishment of NGOs, the main principles of their activities, and the conditions necessary for their activities are enshrined in the Constitution of the Republic of Lithuania, the Law on Development of Non-Governmental Organizations, Laws on Associations and other legal bases that emphasize the distinctiveness of these organizations and the added value they bring to society. Nevertheless, in some legal acts, there is a juxtaposition of the activities of NGOs with business enterprises (mention should be made of the Law on

Profit Tax of the Republic of Lithuania, the Law on Social Business of the Republic of Lithuania on public interest activities, etc.), although the nature and purpose of these entities are different (from that study), which provokes a debate between this and the public sector.

Regarding the legal and tax regulation of the NGO sector, it should be noted that although the Civil Society Organization Sustainability Index 2019 and experts state that this does not ensure the development of this sector and is even one of the factors hindering the development of the NGO sector in Lithuania, existing laws could be considered favourable for the development of NGOs, but sometimes their interpretation in public administration institutions (ministries and municipal administrations) and the accompanying legislation presuppose a relationship between NGOs and the government based on administrative or criminal proceedings, but not partnership. NGOs incur an "enormous" administrative burden not always borne financially by the organization.

Also, the research conducted during the pandemic reveals that during this period the community spirit and focus on joint activities have significantly strengthened, and the cooperation between local authorities and NGOs has a much broader social context, which cannot be limited to funding for services and various other activities (Žakaitienė Roma 2020). In this context, the growing need to provide public services therefore, calls for a rethink of the scale of NGOs' activities and co-production itself, because fostering cooperation requires the creation of a legal framework where the obligation to co-operate itself will take precedence over trying to "break" procedural constraints in the absence of interdependence and commitment (Taco and Trui 2020, p. 854).

5. CONCLUSIONS

After examining the legal bases regulating the activities of NGOs, we can state that the conditions for the establishment and operation of non-governmental organizations are enshrined in the Constitution of the Republic of Lithuania, the Law on Development of Non-Governmental Organizations, Laws on Associations, Public Institutions, Charities, and Support Funds.

The analysis of the results of the empirical research (expert interview) allowed us to identify the groups of factors favourably influencing the activities of NGOs: (i) human skills (leadership, communication, teamwork,

administrative skills); (ii) infrastructure (premises, IT facilities, etc.) and (iii) the organisation's relationship with public authorities (particularly in terms of partnership and administrative burden). Greater attention should be paid to these groups of factors in order to strengthen the activities of non-governmental organizations by facilitating their development.

Experts presented a wide range of NGO activity problems during the interviews, but according to the intensity of the expressed units, the most relevant groups of NGO activity problems and related legal acts can be distinguished: (i) application of the contracting authority status to NGOs (Law on Public Procurement of the Republic of Lithuania); (ii) Interpretation of "activities in the public interest" (STI material. Peculiarities of taxation of non-profit organizations; etc. legislation); (iii) application of corporate income tax to non-profit organizations (Law on Corporate Income Tax of the Republic of Lithuania).

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Received on 14-11-2022

Accepted on 12-12-2022

Published on 31-12-2022

<https://doi.org/10.6000/1929-4409.2022.11.18>

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