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## Historical institutionalism: a tool for researching the nonprofit sector in times of pandemic

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Historical institutionalism is increasingly acknowledged as a promising theoretical platform in the field of nonprofit sector studies. The main goal of the paper is to review major applications of historical institutionalism to the nonprofit sector, with a particular focus on how this theoretical platform illuminates the responses of Czech nonprofit organizations to the Covid-19 crisis. In addition, the paper contributes to the conceptual toolbox of historical institutionalism, a novel approach of the retrograde analysis of events. Drawing on the Luhmannian systems theory, the events are taken to reflect system-building processes occurring at the level of nonprofit organizational fields, and comprise the mutual succession of critical junctures and the periods of relative stability in the evolution of the nonprofit sector. Applied to the context of the Covid-19 pandemic in the Czech Republic, the proposed approach allows to infer the high probability of new critical junctures. Given the enormous challenges and the growing resource deficits faced by Czech nonprofit organizations, many of their existing path-dependencies will be likely broken, with new ones being called into life.

**Keywords:** historical institutionalism; nonprofit sector; pandemic; Czech Republic

### Introduction

Seen from a global perspective, the nonprofit sector exhibits tremendous institutional diversity which shows no signs of abatement. Many nonprofit organizations and organizational fields in various parts of the world are situated on widely divergent evolutionary paths. The diversity and heterogeneity of the global nonprofit sector have been serious enough to be considered as an obstacle to consistent theory building (cf. Ferreira 2014; Simsa 2001; Plaček et al. 2021; Wedel 2020; Svidronova, Vacekova, and Valentinov 2016). More than that, scholars have questioned ‘whether the term sector is appropriately applied to the nonprofit world, because of the permeability of its borders the diversity of its organizations in size, purpose, and revenue sources’ (O’Neill 2002, 8). These misgivings are probably justified if the underlying theoretical understanding of the nonprofit sector is framed by the rational choice paradigm seeking to straightjacket the institutional richness of the nonprofit sector into a narrow range of stylized models. In recent years,

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however, this paradigm has been increasingly challenged by a plethora of novel perspectives which take the diversity of the nonprofit sector as a point of departure. These perspectives can be broadly characterized as falling within the tradition of historical institutionalism which is ‘interested in the whole range of state and societal institutions that shape how political actors define their interests and that structure their relations of power to other groups’ (Thelen and Steinmo 1998, 2).

In the extant nonprofit research literature, a seminal example of institutionalist thinking has been Anheier and Salamon’s (2006) social origins theory of the nonprofit sector exploring

the embeddedness of the nonprofit sector in the cultural, religious, political, and economic realities of different countries. [This theory] ... views decisions about whether to rely on the market, the nonprofit sector, or the state for the provision of key services as not simply open to choice by individual consumers in an open market ... Rather, it views these choices as heavily constrained by prior patterns of historical development and by the relative power of various social groupings that have significant stakes in the outcomes of these decisions. (Anheier and Salamon 2006, 106)

While the social origins theory and related approaches have done much to illuminate ‘the ways in which the institutional environment shapes the nonprofit sector’ (Smith and Grønbjerg 2006, 235), today’s major scholarly challenge is to understand how the nonprofit sector in various parts of the world is impacted by external shocks that significantly influence its evolutionary trajectory and adaptation potential. The idea of ‘exogenous shocks’ takes pride of place in the current scholarship drawing inspiration from the ideas of historical institutionalism and path dependency (Pierson 2000). One of the most serious exogenous shocks contemporary society is facing nowadays is the Covid-19 pandemic, and the nonprofit organizations are on the frontlines of crisis (Deitrick et al. 2020).

We argue that the current pandemic presents a compelling point of departure for reinvigorating a historical institutionalist perspective on the nonprofit sector. On the one hand, dealing with the consequences of the pandemic is a matter of high political and practical urgency, with a host of governance challenges calling for innovative and effective solutions all over the globe. On the other, these responses are bound to be inextricably embedded in concrete political settings and institutional contexts. This means that the governance implications of the pandemic in different parts of the world will vary dramatically. The approach of historical institutionalism is immensely important for appreciating the nature of these variations. In the present paper, we inquire into the governance implications of the pandemic in the Czech Republic. From the standpoint of historical institutionalism, there is room to argue that disentangling these implications is only possible through a close-quarter engagement with the Central and East European specificities of public administration and the attendant separation of functions between the state and the nonprofit sector (Hajnal 2020; Vaceková, Valentinov, and Nemec 2017). Novakova (2020) underlines the relevance of exogenous shock related to the rise of populist and right-wing governments in some CEE countries. The nonprofit sector sustainability seems to be threatened by some political actions, such as media campaigns and defamation; legal regulations denying NGOs the right to exhibit specific actions; control of which projects and activities might receive government funding; checks and raids on NGOs’ offices perceived as disloyal; deregistration of NGOs; support of NGOs not challenging government policies (Novakova 2020).

This task is complicated by the fact that this region still exhibits substantial heterogeneity (Matějů 1996; Piech 1997; Plaček et al. 2018; Saxonberg, Sirovátka, and Janoušková 2013). In the Czech Republic alone, Plaček, Špaček, and Ochrana (2020) identified a complex typology of public responses to the pandemic which presumably envisage distinct roles for the nonprofit sector.

Conversely, while historical institutionalism may illuminate investigations of how Czech nonprofit organizations respond to the pandemic, the Covid-19 crisis may itself open new avenues for advancing this theoretical platform. A case in point is the recent study by Hajnal, Jeziorska, and Kovács (2021) who draw on this platform to analyze the way the processes of ‘illiberal entrenchment’ in parts of Central and Eastern Europe were given a boost by the current crisis. In this paper, we take stock of some of the recent historical institutionalist perspectives on the nonprofit sector and seek to refine the essential systems-theoretic underpinnings of the ideas of institutional evolution and path dependence (David 2007; North 2009). In line with these ideas, we assume that the nonprofit sector’s previous development influences its future evolutionary trajectory. External shocks affect the behavior of the sector and its adaptation strategies to emerging and unexpected exogenous events. Applying historical institutionalism and retrograde analysis to the case of the Czech Republic, we examine the ‘historical footprint’ left by specific landmark events on the developmental trajectory of the nonprofit sector, and take central interest in the ability of the sector to address, and recover from, the suddenly emerging shock events. We show that the reverse analysis of the evolutionary path reveals the origin of the current situation and enables examining how the nonprofit sector actors have responded to the Covid-19 shock event by changing their adaptation strategy.

The next section discusses key theoretical concepts of historical institutionalism and highlights its systems-theoretic underpinnings. On that basis, the remaining parts of the paper review major applications of historical institutionalism to the nonprofit sector and set up a context for potential applications of this theoretical platform to examinations of the responses of Czech nonprofit organizations to the Covid-19 crisis.

### **Historical institutionalism: key concepts and systems-theoretic foundations**

As suggested by its name, the key concepts of historical institutionalism are evolution and institutions, which are understood as a set of formal and informal procedures, routines, norms embedded in the organizational structure (Hall and Taylor 1996; Jaramillo 2020, 114). The key issues are the identification of when and how the change happens, as well as the nature of the change itself (Jaramillo 2020, 114). The evolutionary theory focuses on explaining the process of social change in terms of issues such as time, history and differential rate of change (Kay 2020). Historical institutionalism is a suitable tool for examining cases where an evolutionary development calls for a non-quantitative explanation which reveals the key causal factors, trajectories, adaptive behaviours, strategies and the current state.

Historical institutionalism encompasses a retrograde examination of the developmental trajectory and an inquiry into why the given state arose and what path led to it. We start from the assumption that social phenomena are influenced by their previous development (Marx 1995) and that their development is influenced by path dependence (David 2007), external factors and their own history (North 2009). The past leaves a historical mark on the evolutionary trajectory, which encourages us to follow it (Ricoeur 1985). This clue is a ‘fingerprint’ yielding information about previous developments. From an ontological point of view, the trace takes the form of an embedded factor, which influences the development of events on an evolutionary trajectory. The methodology of historical evolutionism makes it possible to retrospectively reveal this trace and thus explain the influence of landmark events on the development and adaptation strategies of the studied nonprofit organizations.

The methodology of historical evolutionism revolves around the concepts of ‘initial state’, ‘historical-evolutionary trajectories’, ‘historical knot’, ‘historical residue’ and

‘adaptation’. The term ‘baseline’ refers to the starting point from which we begin our retrograde study of a given evolutionary trajectory. On this route, we are looking for significant individual events (historical nodes), which significantly influenced the further development of the nonprofit sector and its ability to respond to exogenous events. If these are events of a shock format that have (had) a significant impact on the historical-evolutionary trajectory, then we call them ‘developmental dams’. They ‘dam’ the existing evolutionary trajectory and start a new evolutionary route. On the historical-evolutionary trajectory, we can find ‘historical residues’. These are factors that remain ‘embedded’ (‘rooted’) in a given evolutionary trajectory from previous developments. They take the form of ‘embedded history’, which continues to influence development. The term ‘adaptation’ then refers to the ability of nonprofit sector actors to adapt to new external conditions.

We suggest that historical institutionalism can be found to exhibit Luhmannian systems-theoretic parallels that do not seem to have been appreciated in the literature so far. In a seminal synthesis of sociological and systems-theoretic thinking, Luhmann saw the main function of social systems to be complexity reduction, which basically means the reduction of cognitive burdens on the individual human mind. According to Luhmann (2012), humans are able to orient themselves in the highly complex world without being overburdened by its complexity because much, or even most, of this complexity is pre-filtered by social systems. Luhmann made clear however that social systems fulfill their complexity-reducing function at the cost of maintaining a precarious relationship with their outer environment, whose complexity they can process or codify in a rather imperfect way. This precariousness can be explained in terms of two principles of system-environment relations formulated by Valentinov (2014). According to the complexity reduction principle, ‘systems increase their complexity by becoming increasingly insensitive to the complexity of the environment’, while the critical dependence principle ‘posits that the increasing complexity of systems is associated with their growing dependence on environmental complexity in ways that make the continuation of their autopoiesis increasingly unlikely’ (Valentinov 2014, 18). The two principles suggest by reducing the complexity of the environment, social systems gradually but inevitably undermine their own sustainability foundations, a scenario that Luhmann foresaw in his 1989 book devoted to the ecological crisis of the modern society.

The concepts of complexity reduction and critical dependence seem to translate well into the context of evolutionary development theorized by historical institutionalism. Reflected in the mismatch between systemic complexity reduction and critical dependence, the precariousness of system-environment relations implies that systems undergo regular sustainability crises which follow after periods of relative stability. Given that systemic operations take the form of events, one can differentiate between events occurring within the periods of relative stability and critical events (or ‘critical junctures’, cf. Pierson 2000) which introduce the systemic phase transitions. Luhmann (2012) takes social systems to exhibit considerable autonomy from the outer environment; this autonomy explains why specific sustainability problems, or mismatches between complexity reduction and critical dependence, do not engender sustainability crises immediately. The lack of the immediate environmental feedback, however, gives rise to the processes of destructive cumulative causation which make for dramatic systemic transformation at the time when the capacity of the environment to carry specific systems is completely exhausted. Furthermore, Luhmann (2012) explains that, in view of the complexity-reducing function of social systems, the range of action and experience possibilities within them is narrower than in the societal environment outside their boundaries. This implies that once the intra-systemic structures have developed, they constrain the future evolutionary path of the system. In historical institutionalism, this constraining is

commonly referred to as path dependence (Pierson 2000; Sepulveda 2015). Whereas path dependence tends to be understood in terms of the ‘lasting impact of choices made during ... critical junctures’, the proposed systems-theoretic approach draws attention to the way the critical junctures themselves arise out of the precariousness of system-environment relations.

The proposed systems-theoretic view of institutional stability, path dependence, and critical junctures requires however a certain modification of the Luhmannian way of thinking of system-building processes. Luhmann (2012) distinguished between three types of social systems, including the informal interactions, formal organizations, and function systems. Neither of these types of systems seems to do justice to the midrange theory development objectives of historical institutionalism. To redress this situation, we propose to conceptualize system-building processes at the level of organizational fields (Hallonsten 2018; Ferreira 2015). At this level, the processes of system-building comply with DiMaggio and Powell’s (1983, 148) classic description of

an increase in the extent of interaction among organizations in the field; the emergence of sharply defined inter-organizational structures of domination and patterns of coalition; an increase in the information load with which organizations in a field must contend, and the development of a mutual awareness among participants in a set of organizations that they are involved in a common enterprise.

In line with the complexity reduction principle, these system-building processes accumulate the intra-systemic complexity at the cost of disregarding the complexity of the environment. As a result, system-environment relations become more precarious over time, in such a way that the evolutionary development of the system, such as an organization field, is interspersed with critical junctures which restore the strained relationship between systemic complexity reduction and critical dependence.

A Luhmannian interpretation of historical institutionalism is highly relevant in the context of the nonprofit sector research because many nonprofit organizations may be usefully thought of as social systems seeking to process the societal environment, a crucial part of which is constituted by what Roger Lohmann (2015, 38) designated as ‘commons’, i.e. collective action resting on ‘voluntary participation, shared purposes and pooled resources’. In virtue of their complexity reducing function, many nonprofits do so quite imperfectly, and replace the sensitivity to the commons by the processes of formalization and bureaucratization. If this happens, nonprofits come to deserve the critiques that Lohmann (Lohmann 2015, 65) addressed to what he called

the nonprofit model [which] is too narrowly cast to give a full account of the rich diversity of events, activities and institutions that occur in ... the spaces outside governments, markets and households. The nonprofit model fails to give an adequate account in particular of those dimensions that are not formally organized, not legally recognized as corporations, or that occur beyond the legal, historical, geographical and normative bounds presumed by the model.

The institutionalization of the commons through the emergence of formal nonprofit organizations may thus be considered to be another variety of system-building processes which accumulate the intra-systemic complexity and expertise at the cost of the lower sensitivity to the environment. An important point, however, is that this institutionalization reflects the shaping influence of the broader institutional environment which is of key interest to historical institutionalism.



Luhmann (2012) explained that systemic operations present an uninterrupted flow of events encompassing both the periods of relative stability (or path dependence) and the critical junctures. In empirical terms, the relative fit between complexity reduction and critical dependence can be established by analyzing event histories or evolutionary trajectories in which we can identify individual historical events. We make an operational assumption that the investigated historical-evolutionary trajectory is bounded by two extreme nodes, namely the 'current node' ( $P_A$ ) and the 'initial node' ( $P_0$ ). Events have an ontological nature. They took place in real time as a flow of historical events. The events tell us about what really happened in the previous development. To explain and to understand their influence on development, we propose to use a retrograde analysis view by proceeding against the flow of time from the current node  $P_A$  to the event (node)  $P_0$ .

We define the current node  $P_A$  as the *current state* of a particular investigated problem. On the other hand, the starting node  $P_0$  is the place (historical event) from which the investigated trajectory 'starts'. From the point of view of historical time, it is the most distant researched event on the historical-evolutionary trajectory. Between these two nodes, which delimit the given trajectory, there lies an ontological set of other historical events. These are expressed in the figure by individual points lying on a given historical-evolutionary trajectory. Looking back at these events, we can reveal the impact of individual events on the already ongoing (i.e. historical) development of the researched problem and find out what adaptation strategies the institutions responded to. We can also find out what role and function individual events played in the evolution of institutions, what trace these events left in the evolutionary trajectory and how deeply with their influence they 'immersed' in the given evolutionary trajectory.

From the point of view of the origin of the action, we can recognize events of a dual nature. On the one hand, they can take the form of external influences (especially shocks), for which the institution is looking for an appropriate adaptation strategy. However, there are also internal influences (e.g. historical residuals, path dependencies, etc.), with which the institution must adapt. For internal factors, it is generally true that they are 'built in' within a given historical-evolutionary trajectory. This is reflected in the fact that the past leaves a 'historical footprint' on the organization's behavior, and this footprint is reflected in the organization's behavior. Therefore, the history matters (North 2009). The 'built-in history' influences the evolution of the institution. The institution responds to external and internal influences with its adaptation strategy. The organization responds to external stimuli so that it adapts to the new conditions as effectively as possible. The goal of adaptation is to 'successfully survive' the impact of shocks. However, the degree of reaction and the success of adaptation differ in reality.

### Recent applications of historical institutionalism to the nonprofit sector

One of the most recent applications of this kind stems from Esposto and Ficcadenti (2020), who employ novel interpretative lens to make sense of the public policy change and transformation of third sector in Italy. They use exploratory case study of social entrepreneurship rooted in local communities. With help of sequential analysis, they describe the third sector's evolutionary trajectory. Coule and Benett (2018) investigate British voluntary action during a new era of turbulent welfare systems and dramatic changes in state-voluntary relations. They transform historical institutionalism into what they call *discursive institutionalism which concerns itself not just with the substantive content (what) of ideas, but also with how the discourse represents or embodies ideas and the institutional context in which they occur* (Coule and Benett 2018, 140). Drawing on data driven

analysis, they conclude that the changed face of British voluntary action is not as new as it seems, and is more aptly characterized as a collage of past relations.

Many applications of historical institutionalism deal with social enterprise. In this vein, Sepulveda (2015) critically examines the origin of social enterprise in case of England, while underlining the socio-political and economic context of the 1980s and 1990s which made the emergence of social entrepreneurship possible. Chaney (2015) analyses the effect of one party dominance on third sector policy engagement. Interpreting the findings from interviews, the author argues that the path dependencies in the political system affect nonprofit resource dependencies and necessitate strategic bridging to elected representatives. Kerlin (2017) draws on historical institutionalism in order to explore international variations in the conceptual approaches toward defining social enterprise. By identifying the influence of institutional patterns of selected countries, she insightfully reveals the deeply contextual and embedded nature of the phenomenon of social enterprise.

Ferreira (2015) draws on historical institutionalism to develop a policy analysis of the Portuguese third sector development after an economic crisis. Analyzing the evolutionary shifts from the welfare state to the capitalistic economy in Portugal, she identifies the main path breaking trends and continuities in the Portuguese third sector. Also noteworthy is Parente's (2016) reflection on the concept of social entrepreneurship in Portugal. The author focused on the path of social entrepreneurship undertaken by latter. Drawing inspiration from historical institutionalism, Parente concluded that the Portuguese third sector model is still fragile and state dependent. The complementary results based on a Polish case are conferred by (Mikołajczak 2022). On the macro level, the governments are keen on maintaining the social enterprises in a favorable financial condition, nevertheless on a micro level they face problems with excessive bureaucracy in public administration concerning complex formalities related to the private and public funds utilization (Mikołajczak 2022). This creates several barriers in resources allocation by managers, notably in the field of human resources (Mikołajczak 2022).

Ju and Tang (2011) offer a divergent attitude to the nonprofit sector development concerning the historical institutionalism. 'Rather than being shaped passively by global trends and broader power relationships among social classes and organizations, the nonprofit sector and the larger civil society have increasingly become forces shaping social and political developments' (Ju and Tang 2011, 1048). The authors point up the role of political debate as a mechanism which could shape the evolutionary trajectories of nonprofit sector.

The study of Jeong (2015) represents a Korean case, which adopts the historical institutionalism to understand the social enterprises evolution in Korea. A process tracking approach is used to identify the main drivers, such as state development and/or state intervention (Jeong 2015).

Ozieranski and King (2017) combine historical institutionalism with neo-pluralism, corporate domination, clique theory of post-communist state to analyse the distribution of power in Poland's drug reimbursement policy. Based on the analysis of semi-structured interviews, they conclude that this policy is best accounted for in terms of corporate domination and clique theories.

Meyer et al. (2020) built on historical institutionalism to analyse the role of institutional forces shaping civil society in 14 CEE countries. Results of the study highlight the substantial but changing role of EU (Meyer et al. 2020, 823). The importance of

EU has shaped from a strong source of hope and a highly important funder for CS in the pre-accession stage, to an important external authority and supporter of civil rights and liberties in those countries that acceded between 2007 and 2013, to a rather marginalized institution that



is losing power under the challenge of increasingly authoritarian national governments in the longer-standing EU members. (Meyer et al. 2020)

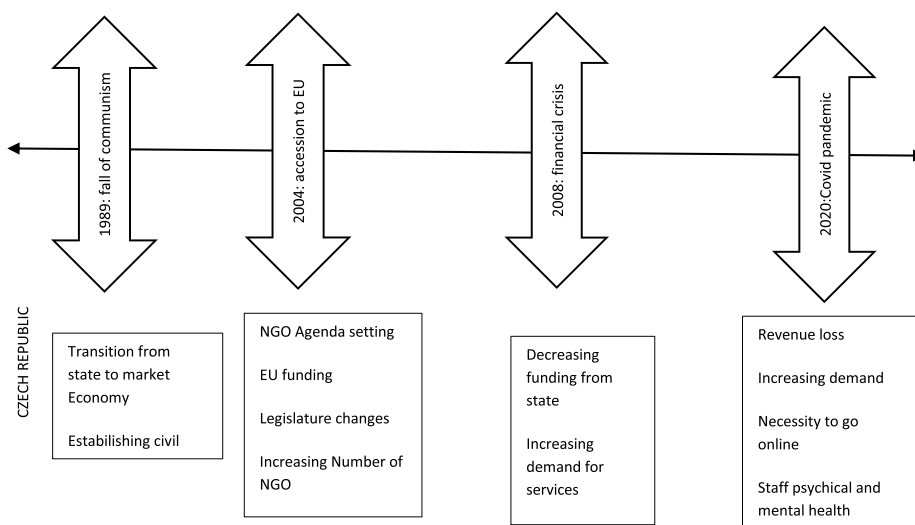
The authors also underline the significant heterogeneity of the CEE countries studied, which is a challenge for further application of social origin theory.

Finally, Meyer et al. (2022) deal with theoretical and empirical challenges the coronavirus pandemic poses for theories of policy change. They insist that three dynamic pathways of change are possible and must be considered when analysing post-Covid policymaking: normalization, adaptation, and acceleration. Authors state that these different pathways need to be explored in order to understand the mid- and long-term policy effects of the pandemic (Capano et al. 2022, 1)

## Understanding the Czech nonprofit sector's response to the Covid-19 pandemic

### *Aspects of history*

The current evolution of the Czech nonprofit sector is widely considered to be affected by the historical traditions of the Czech National Revival and the first Czechoslovak Republic. The tradition of the Czech National Revival explains why a considerable number of Czech nonprofit organizations pattern their work on a model of selfless sacrifice for the patriotic cause; following the traditions of the Czechoslovak Republic is an appeal to the legacy of the golden age of civil society in Czechoslovakia before the Second World War (Plaček et al. 2021; Nemec, Svidroňová, and Kovács 2019). Among the key obstacles hindering the development of the Czech nonprofit sector are the legacies of mistrust, corruption, and clientelism. The shadow of the totalitarian past is still visible in the widespread distrust toward nonprofit organizations whose occasional practices of nepotism and other forms of unethical behavior do not help to improve their public image (Plaček et al. 2021). The Czech nonprofit sector furthermore exhibits a divide between the old and new organizations which still have difficulties in communication and coordination (Vaceková, Valentinov, and Nemec 2017).



The straight line represents the past dependency, i.e. intellectual, political and legal residues, which were created by the communist regime before 1989. Over time, we can observe external shocks, such as the fall of communism, accession to the EU, the economic crisis. Each of these shocks had two effects, namely a change in the trajectory of the non-profit sector (path creation, see boxes) and a deposition of intellectual, political, and legal residues in further development (path dependency).

These exogenous shocks might be observed in the development of Czech nonprofit institutions in the time frame of 1990–2020 (Figure 1).

There is a gradual increase in the number of nonprofit institutions after 1990, following the collapse of the Communist rule in 1989. A dynamic upsurge in the number of nonprofit institutions is related to the period of preparation for the EU accession in 2004. Further boost in the post-2008 period relates to an increased demand for NGOs services due to the economic and financial crisis; followed by a slowdown in the growth dynamics related to the outbreak of the Covid pandemic.

### *Emerging issues*

Given the historical background presented above, it may be useful to reflect on the difference between the impacts on the nonprofit sector of the recent migration crisis and the Covid-19 pandemic. Researching the nonprofit sectors in Austria and Slovakia, Valentinov, Bolečeková, and Vaceková (2017) argue that the former crisis gave a boost to the system-building processes which were accompanied by substantial inflows of public money and a lowered sensitivity to the polarized societal environment. The emerging response of the Czech nonprofit sector to the current Covid-19 crisis seems to be radically different. For one, the public sector is not offering funding, and many nonprofit organizations helping people affected by Covid-19 are experiencing major financial troubles. Furthermore, nonprofit organizations are displaying considerable sensitivity to human problems occasioned by the pandemic. This sensitivity can be even taken to exceed that of the public sector. In the period of March to April 2020, the Czech Government seemed to be aware of the extent of health risks and adopted a number of measures,

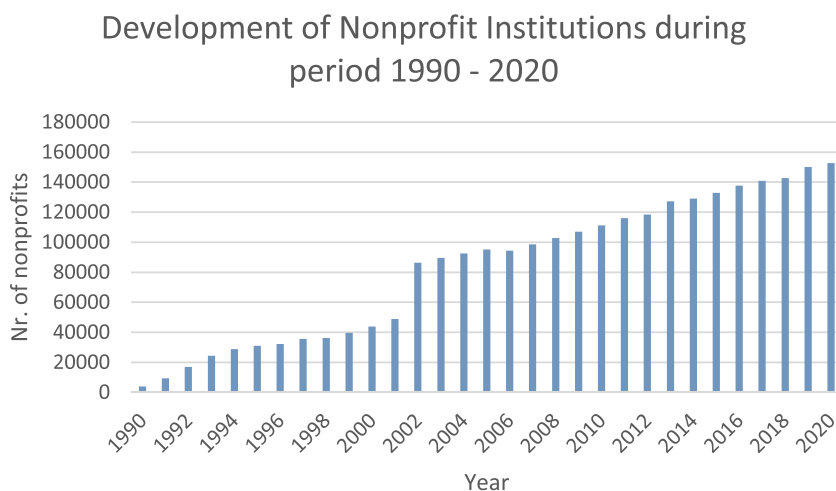


Figure 1. Development of Czech nonprofit institutions from 1990 to 2020. Source: Authors according to Czech Statistical Office (2020).

only to roll them back in May in response to the criticisms raised by the political opposition. In the autumn of 2020, the Prime Minister of the Czech Republic admitted that the relaxation of these measures was a mistake. In contrast to the public sector, the Czech nonprofit sector's engagement in addressing the consequences of the pandemic, e.g. through the volunteering activities, was unrelenting and undistracted by political considerations. It seems fair to claim that the nonprofit sector has been more sensitive to the pandemic-related problems than the public sector, without having access to the critically needed resources.

A long-term capacity of the Czech nonprofit sector to deal with pandemic-related issues is limited. The Foundation of Open Society Fund (2021) presented the first data on the current nonprofit sector conditions, using a quantitative approach with CAWI in the time frame of 14–26 January 2021, based on a case of 483 Czech nonprofit organizations. According to their findings, 61% of nonprofit organization claimed the pandemic has mostly negatively affected their operations; 62% of them had to limit their efforts with target groups; 30% have even faced a ban on some of their activities by state administration. A quarter of surveyed NGOs had to return funds because of unrealized projects (Foundation of Open Society Fund 2021, 2). On the other hand, the pandemic has led to a positive pressure on their internal efficiency. In 66% of organizations, the pandemic led to the expansion and/or improvement of working standards for employees. Furthermore, 37% of NGOs have discovered new opportunities and efficiencies within their activities and services. Nevertheless, the outlook for 2021 is no longer that optimistic. Around 40% of organizations expect major complications in fundraising, and 22% of respondents expect to experience a significant drop in fundraising and grants opportunities in 2021. There is a forecast of significant cutback on nonprofit activities and services in 2021 (Foundation of Open Society Fund 2021). For further analysis, especially those regarding the financial issues, the Satellite account of nonprofit institutions might be used. It is a part of the statistics provided by the Czech Statistical Office with information on income, revenues, and transfers to nonprofit organizations, as well as with data on wages and salaries in the nonprofit sector, employment, and value added. The data for 2020 and 2021 has not been available so far (as to January 2022).

In the nature of the case, the future development of the Czech nonprofit sector's response to the crisis is still unknown and thus presents a stimulating area of future research which can be informed by historical institutionalism. A good starting point of this research is Deitrick's (2020) analysis of the effects of the pandemic on nonprofit organizations: (1) Nonprofit organizations are often on the frontlines of crisis and sometimes called 'second responders', serving as a resource for individuals after emergency aid has been provided, (2) Many challenges are interrelated and exacerbated by stay at home orders and school closures, (3) Volatile job and investment markets threaten personal income and hinder donations to nonprofits, (4) The majority of nonprofit revenue is derived from program revenue and fees for service, however, like small businesses many nonprofits are closed and cannot generate income, (5) Nonprofits will be highly challenged to retain their staff under current conditions. In the longer term, according to Deitrick (2020), the following changes will take place: (1) Revenue loss, (2) necessity to go online, (3) increasing care for staff psychical and mental health. In the Czech context, these hypotheses must be qualified in the light of the persisting historical residues, such as the legitimacy and trust problems of NGOs. While historical institutionalism provides a basic framework for examining the impact of Covid-19, it calls for a variety of social science research methods. Possible employment of this methods in Czech contexts shown in Table 1.

Table 1. Utilization of social science research methods to analyze the effects of pandemics.

| Method  | Utilization  | Connection with possible research question  |
|---|--|---|
| Process tracing                                       | identification of casual mechanism   | How the change occurred?  |
| Sequential analysis                                   | assessing the event and observation according to the order in which they appeared                                | How the change occurred?  |
| Deep interview with main actors (policy makers, NGOs) | Explanation of casual mechanism, information on association to relevant context                                  | Why the change occurred?<br>What was the evolution trajectory of NGOs in the specific systems?<br>How was the reaction of specific actor?<br>How was the adaptive behavior of NGOs? |
| Desk and archive research                             | changes in legislative, historical documents, medium discourse analysis  | How the change occurred?<br>Why the change occurred?<br>Did the systems during pandemics exhibit convergent or divergent trends?  |
| Focus Group   | Explanation of casual mechanism, information on association with specific context                                | How the change occurred?<br>Why the change occurred?<br>How was the reaction of specific actor?<br>How was the adaptive behavior of NGO?  |
| Small and medium n size research                      | To reveal the impact of event on specific groups, main changes in their behavior, expected future trajectories   | What was the evolution trajectory of NGOs in specific systems?<br>How was the adaptive behavior of NGO?   |
| Descriptive statistics                                | Information about nr. of NGOs, total demand, amount of funds, employment, breakdown of revenues and expenditures | What was the evolution trajectory of NGOs in specific systems?<br>Did the systems during pandemics exhibit convergent or divergent trends?  |

### Issues and challenges

One of the main challenge of utilization of historical evolutionism concerns ‘its ability to explain the change and not just the continuity and how idea held by political actors or endogenous agency, influence the policy making process’ (Sepulveda 2015). Meeting this challenge will require selecting the right time frame of analysis, distinguishing critical events, and appreciating their context (Peters and Fontaine 2020). Another challenge is in identifying productive avenues for theory development. From the proposed systems-theoretic perspective, one of these avenues is in exploring when and how specific institutions, such as the nonprofit sector, cease to be self-sustaining and undergo radical change (Thelen and Steinmo 1998, 8). This analysis is usefully framed by the ideas of systemic complexity reduction and critical dependence as manifested in the flow of events reflecting systemic operations. A related implication of the systems-theoretic perspective is that

system-building processes may lower the sensitivity of emerging systems to their environment. In the nonprofit sector context, these processes may involve formalization, managerialism, or commercialization, each of which may curtail the grounding of specific nonprofit organizations in what Lohmann (2015) called ‘commons’. The tensions arising therefrom present another variation on the theme of the precarious balance between complexity reduction and critical dependence.

## **Conclusion**

In the interdisciplinary field of nonprofit sector studies, historical institutionalism is gaining increasing traction. The present paper has reviewed some of the recent research falling in this tradition and offered a new perspective, the retrograde analysis of events reflecting the underlying systemic realities. Drawing on the Luhmannian systems-theoretic standpoint, these realities arise from the interplay between the complexity reduction and critical dependence dimensions of system-building processes occurring at the level of nonprofit organizational fields. The interplay between these dimensions is shown to influence the mutual succession of critical junctures and the periods of relative stability. Applied to the context of the Covid-19 pandemic in the Czech Republic, the proposed approach allows to infer the high probability of new critical junctures in the future evolution of the nonprofit sector. Given the enormous challenges and the growing resource deficits faced by Czech nonprofit organizations, many of their existing path-dependencies will be likely broken, with new ones being called into life. The nature of these paths presents a stimulating field for further research.

Like any method, historical institutionalism has its advantages and limitations. We consider it a strength that this method makes it possible to retrospectively identify the significant influences that have occurred on the evolutionary path. Simultaneously, the method provides information on factors that influence the behavior of nonprofit sector actors and thus affect the capacity of nonprofit organizations to overcome future crises. On this basis, nonprofit managers may be enabled to develop appropriate active adaptation strategies. On the other hand, historical institutionalism is a qualitative methodology, which can be considered a weakness, especially by quantitatively oriented researchers. However, it is worth noting that a qualitative approach and a qualitative analysis of a problem does not preclude quantitative research. It is even possible to say that a combination of qualitative and quantitative research on the same research subject can lead to a more comprehensive examination.

## **Disclosure statement**

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