

Longitudinal and Regional Variation in Numbers of Nonprofit Organizations in Russia

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Resource dependency theory argues that understanding growth of organizations requires learning the sources of resources and the extent of dependence by the organization on those sources (Pfeffer and Salancik 2003). Organizational ecology includes a wide range of variables for understanding the growth populations of organizations, including the age of groups, the density, and interdependence of organizations, technological processes and institutional factors (Baum 1999). This paper compares the effect of resources (funding) with the effect of institutional factors, particularly government regulation and policy.

Nonprofit organizations (or “civic organizations” общественные организации) in Russia face a particularly uncertain environment, characterized today by the “dual realities” of legal restrictions and increased local funding (Salamon et al. 2015). Other scholars of civil society in Russia have already remarked on the uneven growth of nonprofit organizations across Russian regions (Krasnopolskaya et al. 2015). This study fills a gap in the literature by presenting a longitudinal study of variation in numbers of nonprofit organizations across Russian regions. Following up from our previous work, in this paper, we explore how economic, social and political factors affect the number of nonprofit organizations across regions over time.

Economic factors have long been connected with the growth of democratic institutions, including nonprofit organizations: in general, higher number of NPOs are associated with middle class incomes. In Russia, the years 1998-2007 represented economic growth and rising real income, with a decline during the economic crisis of 2008-9. We expect that rising incomes will be correlated with rising numbers of NPOs. On the other hand, many NPOs, especially in Russia today, focus on alleviating consequences of poverty so that increasing poverty might be associated with increasing numbers of NPOs. Measures to measure economic development include gross regional product, average income per capita in the region and percent living below the poverty line.

Nonprofit organizations often rely on volunteers, who in many settings are more likely to be urban residents and people with higher education (Musick and Wilson 2008). In Russia, many third sector organizations have stereotypically relied on women leaders and members. Therefore, we expect that higher proportions of these characteristics will be positively correlated with higher numbers of nonprofit organizations.

Institutional factors include legal regulations and state social policy. Relations between the state and the third sector is important for the growth of nonprofit organizations (Salamon 1987). We would expect that certain state restrictions would limit the growth of NPOs, while state funding funneled to NPOs would encourage their growth, but state spending on social needs would discourage growth of NPOs through a substitution effect. Measures include state spending on social causes (education, health, etc) and federal laws related to NGOs.

In 2006, a new law required new forms of administrative regulation and inspections for nonprofit organizations [FZ-18]. Case studies suggested a negative effect of this law on nonprofit organizations (Crotty et al. 2014). In 2010, an amendment to the law on NPOs requires federal, regional and municipal funding, both financial and in-kind, for “socially oriented” civic organizations [FZ-40]. In 2012, a third, more publicized law, labels nonprofit organizations which accept foreign funding as “foreign agents” [FZ-121]. This legislation has also had a detrimental effect on nonprofit organizations (Daucé 2015).

Independent variables are taken from the statistical publications, ‘Regions of Russia. Social and Economic Indicators’ (2003-2016). The dependent variable is the number of registered civic organizations (общественные организации) for each region as of 1 January of each year, on the Unified Government Register of Legal Entities (ЕГРЮЛ (База СПАРК)). At this stage, we excluded trade unions or professional associations, TOS, religious groups, political parties or movements. Preliminary results reported to date present findings on 33 regions drawn from every federal *okrug*, while the final version will present findings for all regions. Data were analyzed using fixed-effects regression with cluster-robust standard errors; standard errors are clustered by region.

Results of regression are shown in Table 3. The percent below the poverty line and ratio of women to men are positively associated with the number of NPOs. The more spent by the regional government on social and cultural needs, the smaller the number of NPOs. The years before 2006 are associated with growth of NPOs, the years afterward are associated with decline. NPOs rise with income, but only before 2006. We observe no impact of the economic crisis of 2008-09, and little visible increase after the increase in local funding of NPOs beginning in 2010. In explaining the number of NPOs in the regions over time, while economic factors play a role, they are not as powerful as the 2006 law on inspections. While resource dependency theory clearly applies to these nonprofit organizations, it is not as significant an effect as the institutional factors of legal restrictions as predicted by organizational ecology.

Table 3: Regression Results

| NPO per 1,000 residents | Unstand Coef. | Robust Std. Err. | P>t |
|--|----------------------|-------------------------|---------------|
| % urban population | -0.000602 | 0.00613 | 0.922 |
| % women | 0.0018963 | 0.000782 | 0.021** |
| % unemployed | -0.0025367 | 0.002832 | 0.377 |
| % below the poverty line | 0.0024099 | 0.001411 | 0.097* |
| % with higher education | -0.0027236 | 0.001866 | 0.154 |
| Log of government spending on social and cultural goals per capita | -0.0899564 | 0.037845 | 0.024** |
| Log of average per capita income | 0.9666254 | 0.215191 | 0.000 |
| Square log of average per capita income | -0.0496214 | 0.010969 | 0.000 |
| Year 2004 | 0.0331993 | 0.016105 | 0.047** |
| Year 2005 | 0.0381814 | 0.017079 | 0.032** |
| Year 2006 | 0.0220588 | 0.019054 | 0.256 |
| Year 2007 | -0.0363417 | 0.019723 | 0.075* |
| Year 2008 | -0.057597 | 0.017091 | 0.002*** |
| Year 2009 | -0.0769817 | 0.01491 | 0.000**** |
| Year 2010 | -0.0697441 | 0.011629 | 0.000**** |
| Year 2011 | -0.054293 | 0.010682 | 0.000**** |
| Year 2012 | -0.0409813 | 0.009374 | 0.000**** |
| Year 2013 | -0.0259518 | 0.006186 | 0.000**** |
| _cons | -6.071909 | 1.025131 | 0.000**** |

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