

Explaining Regional Variation in Civil Society Organizations in Russia

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Submitted for presentation at

XVIII April International Academic Conference, HSE Moscow 2017

Scholars have long discussed the development of civil society organizations in the Russian Federation. In the 1990s, financial support and direction from Western agencies and foundations was expected to support the growth of the third sector, and various reasons were given for its slow development. In the current climate, organizations are effectively banned from accepting foreign financial support, but Russian government support for civil society organizations has increased dramatically, as such groups compete for federal or local grants or local procurement contracts especially in social services. Civil society organizations in Russia today face the “dual realities” of increased government support on the one hand and increasingly restrictive regulation on the other (Salamon, Benevolenski and Jakobson 2015). At the same time, belonging to or volunteering for third sector organizations is a very rare phenomena in contemporary Russia: on average less than 5% of the population has volunteered for or belonged to a civil society organization (Мерсиянова and Корнеева 2011; Мерсиянова and Якобсон 2007).

In twenty-five years, research on civil society in Russia has focused either on case studies of organizations with particular special emphasis, or on a wider range of organizations within a particular city or region. In the former category, particular attention has been given to disability groups (Fröhlich 2012), human rights NGOs (McIntosh Sundstrom 2014); women’s organizations (Sundstrom 2002), women’s crisis centers (Johnson and Saarinen 2011), environmental organizations (Crotty 2006; Henry 2006), religious groups (Caldwell 2012) and health organizations (Ljubownikow and Crotty 2014). In the later category, research on particular regions has examined the capital Moscow (Caldwell 2012), other large cities including St Petersburg (Bogdanova and Bindman 2016), Novosibirsk (Busse 2001; Henderson 2003; Spencer 2011), Samara (Bogdanova and Bindman 2016; Cook and Vinogradova 2006), Nizhni Novgorod (Fröhlich 2012), and Perm (Fröhlich 2012), to name a few.

In contrast, more recent research has compared conditions across Russia, illustrating

differences in the third sector across regions, both of citizen participation in civil society (Мерсиянова and Корнеева 2011; Мерсиянова and Якобсон 2007) and the development of nonprofit organizations in Russian regions (Jakobson, Mersiyanova and Kononykhina 2011). Such comparison draws on the tradition of comparative research which has documented the uneven economic development (Berkowitz and DeJong 2003) and the diverse legal and political conditions (Remington 2015) characterizing Russian regions. Recently, uneven development of civil society has also been documented in Russian regions, including not only numbers of NPOs but diverse relations with local governments (Krasnopol'skaya, Skokova and Pape 2015).

For example, although every region in Russia has some registered nonprofit organizations, some regions have 5 NPOs per thousand inhabitants while others have only 1 per thousand (ЕГПЮЛ). What explains this regional variation? What factors positively or negatively affect the development of civil society organizations in Russia? This research joins other recent scholarship seeking explanations for this dramatic regional variation.

Economic inequalities between Russian regions have been well documented (Remington 2015): does this economic variation explain variation in civil society organizations? Several theories suggest that economic factors shape the nonprofit sector. Demand-side theories, government failure theory (Weisbrod 1977) and the market (contract) failure theory (Hansmann 1987) propose that nonprofit organizations tend to compensate for the failures of the other sectors. Supply-side theories suggest that the nonprofit sector is boosted by the presence of individuals with sufficient financial and human capital and strong moral or religious conviction, guided by altruistic motives and not by maximizing profit (James 1987). This article examines the effect of economic conditions generally on the number of NPOs in Russian regions. We hypothesize that regions with higher economic development (as measured by gross regional product) and regions with higher incomes (measured by average salaries) will be home to a higher numbers of NPOs.

The interdependence theory (Salamon 1987) suggested that the relationship between government and nonprofit organizations shapes the growth of the third sector. More particularly, we hypothesize that the number of NPOs will be positively correlated with the amount of money budgeted by governments for third sector organizations (either as grants or contracts), since those funds help support nonprofit organizations. We hypothesize that the money which government spends directly on social welfare will be negatively associated with the number of NPOs, since this replaces funding which could have supported nonprofit groups and takes over some of the role that they could play in society.

More recently, the social origins approach (Salamon and Anheier 1998) suggests that the strength of the nonprofit sector depends in part on historical class structure and patterns of social relations between classes and the state. While this theory was originally developed to explain nonprofit sector variation across nations, it has also been used to discuss the development of civil society within individual countries (Kala 2008; Tennant 2009). Recent research is beginning to apply this theory to nonprofit sector variation across regions of Russia (Krasnopolskaya, Skokova and Pape 2015).

In applying this theory to our examination of Russian regional variation of the nonprofit sector, we use sociodemographic variables and several variables as approximate measures of social structure, taking hints from variables from studies of other countries' nonprofit sectors. Research in the US suggested that unemployed persons are less likely to volunteer in the nonprofit sector (Wilson and Musick 1997), but cross-national research suggests that unemployment rates are positively correlated with the number of NPOs in many countries (Matsunaga, Yamauchi and Okuyama 2010). Although many NPOs are located in cities, cross-national research suggests urban population is negatively associated with the number of NPOs (Matsunaga, Yamauchi and Okuyama 2010). In Russia, previous research has illustrated that many third sector organizations were traditionally staffed by women (Spencer 2011; Sundstrom 2002). In the US, higher education has been associated with higher rates of volunteering in the US (Musick and Wilson 2008), and more specifically, "the more similar the educational qualifications of population, the higher the volunteer rate in that population." (Musick and Wilson 2008)[354]. In terms of ethnic diversity, research suggests that "homogeneity is positively related to the volunteer rate" (Musick and Wilson 2008)[355]. Age matters: the younger the age structure, the higher the volunteering (Musick and Wilson 2008)[355].

Micro studies of nonprofit organizations distinguish between different types of nonprofit organizations, but national level studies often consider all nonprofit organizations in a single category. A unique contribution of this article is to test the association of these independent variables on three separate categories of civil society organizations. First, we take the list of NPOs which are required by law to register with the Ministry of Justice (Минюст), excluding TOS (see below). Second, we take the list of nonprofit organizations which, though still considered in the third sector, are not required to register as nonprofit organizations with the Ministry of Justice. This second dependent variable includes Homeowners Associations (ТСЖ), dacha owner associations, and other forms of partnerships among garden, dacha or apartment neighbors. Although they are not always included in

studies of civil society, such community or neighborhood associations do constitute a part of the broader understanding of civil society (Anheier, Toepler and List 2010). They have documented positive effects on community trust (Silverman 2004), the growth of social capital (Ruef and Seok-Woo 2016) and the development of local democracy (Scheller 2015), and as such should be included in studies of civil society organizations. Third, in Russia, one type of these community-based organizations, so called TOS (territorial organizations of self-government) or neighborhood associations, are occasionally registered with the Ministry of Justice, but often not registered anywhere beyond the local municipality office. We considered TOS in a separate category, removing them from the list of NPOs on the Ministry of Justice list, because in our previous research we found that NPOs and TOS are shaped by different factors [author citation]. Types of organizations included in our three dependent variables (registered NPOs, unregistered community organizations, and TOS), are listed on Table 1.

This article presents a first attempt to distinguish among different types of nonprofit organizations on a national scale in Russia. Do our independent variables predict the number of nonprofit organizations when considering different types of organizations?

Economic and socio-demographic measures come from the dataset, ‘Regions of Russia. Social and Economic Indicators’ (ROSSTAT 2015). Information on registered NPOs and TOS comes from the Unified Registry of Juridical Entities (*Edinyi Gosudarstvennyi Reestr Yuridicheskikh Lits*) (ЕГРЮЛ). Information on civil society organizations not registered on this list is taken from tax registry records. NPOs in Russia register as tax entities and are liable for tax payments, for example on property or income.

The following table presents results from OLS regression. Standard errors were estimated with bootstrapping because of the small number of observations (N=80). The number of organizations in each of the three groups is expressed using the natural logarithm to approach a normal distribution. The monetary amounts of gross regional product and government spending on social welfare are also expressed as logarithms. Variables used in this analysis are listed in Table 1.

Results of OLS regression illustrate that the nonprofit organizations registered in the Ministry of Justice (excluding TOS) show a strong relationship to the variables we tested. Economic variables, the gross regional product and the GINI coefficient, illustrate that inequality influences the number of NPOs registered with Ministry of Justice. There is a statistically significant quadratic relationship between the gross regional product and the quantity of nonprofit organizations. The GINI coefficient of a region is negatively correlated

with the number of nonprofit organizations in the region.

Government expenditures on social welfare is statistically significant at the level of 0,1% and has the greatest influence on the number of NPOs (with the largest beta). These expenditures include expenditures on supporting government social institutions and various transfer payments to individuals. The negative correlation between the number of NPOs and the expenditures as a proportion of regional government budgets can be explained by the fact that the more which government finances the government production of social services, the less it delivers funds to the financing of NPOs. At the same time, transfer payments increase incomes for individuals and increase their demand for the services of NPOs and their ability to finance NPOs. This is why the association between the number of NPOs and the government expenses on social welfare per person is positive.

Among the socio-demographic variables, the percent of people with higher education and the percent women in the population are statistically significant and positively associated with the number of nonprofit organizations. The index of ethnic diversity has a positive correlation with the number of NPOs registered with the Ministry of Justice. The percent of population employed in the scientific and educational sector shows a negative correlation with the numbers of NPOs. In short, both economic and socio-demographic factors influence the regional variation across Russia in the number of NPOs registered with the Ministry of Justice. For these categories of NPOs, our set of variables explains over 60% of the variation across regions.

However, as noted above, not all civil society organizations are required to register with the Ministry of Justice. None of the variables we tested had any statistically significant association with the numbers of NPOs not registered with the Ministry of Justice across regions, except for the GINI coefficient. In regions with higher inequality, there are fewer of these types of organizations. The third dependent variable, TOS, or neighborhood associations, showed no association with any of the independent variables we tested. What these initial results illustrate is that these community-based organizations do not respond to the same set of economic and socio-demographic factors which influence the growth of registered NPOs.

To summarize, the data illustrate that for registered NPOs, government spending and inequality (the GINI coefficient), education and the percent women play a significant role in explaining regional variation of these NPOs in Russia. However, the same variables do not explain the number of community-based organizations not registered with the Ministry of

Justice. Therefore, the model needs further elaboration before we can begin to understand factors which affect the regional variation in the nonprofit sector as a whole in Russia.

Table 1: Dependent Variables

Types of Civil Society or Nonprofit Organizations registered with the Ministry of Justice	Civil Society or Nonprofit Organizations not registered with the Ministry of Justice
Автономные НКО	Товарищества собственников жилья
Коллегии адвокатов	Садоводческие, огороднические дачные товарищества, объединения, партнерства
Адвокатские бюро	
Ассоциации крестьянских (фермерских) хозяйств	
Ассоциации экономического развития	
Национально-культурные автономии	
Негосударственные пенсионные фонды	
Некоммерческие/общественные фонды	
Некоммерческие партнерства	
Общественные объединения, организации, движения	
Объединения работодателей	
Объединения (союзы, ассоциации) юридических лиц	
Профессиональные союзы	
Политические партии	
Религиозные организации	
ТОС (considered in this research as a separate category)	
Торгово-промышленные палаты	
учреждения	

Table 2: Descriptive Statistics

Variable	No. of Obs.	Mean	Std. Dev.	Min	Max
Ln No of NPO (special regime of registration, excluding TOS) per 1,000 residents	80	0.32	0.30	-0.67	1.09
Ln No of other NPO per 1,000 residents	80	-0.48	0.65	-2.60	2.06
Ln No of registered and unregistered TOS per 1,000 residents	71	-2.70	1.93	-6.70	1.02
% urban population	80	69.59	13.16	29.20	100.00
Unemployment rate	80	6.45	4.07	1.40	29.80
% population with higher education	80	29.61	4.84	19.40	48.20
% female population	80	0.53	0.01	0.49	0.55
Government spending on social welfare as % of regional budget	80	15.84	3.43	8.07	31.50
Ln Government spending on social welfare per capita	80	2.19	0.42	1.56	3.56
% living below poverty level	80	13.63	4.76	7.20	35.40
GINI coefficient	80	0.39	0.02	0.35	0.45

% working in education industry	80	9.00	2.48	5.7	21.5
Index of ethno-linguistic fractionalization	80	0.19	0.05	0.84	0.26
Ln Gross regional product per capita	80	12.50	0.51	11.36	14.15

Table 3: Results of Regression Analysis (Part I): NPOs on MinJust list

Ln No of NPO (special regime of registration, excluding TOS) per 1,000 residents	Observed Coef.	Bootstrap Std. Err.	P>z	Beta
% urban population	-0.004	0.003	0.219	-0.174
% population with higher education	0.015***	0.005	0.002	0.252
% female population	9.192***	3.340	0.006	0.353
Ln Gross regional product per capita	4.207**	2.035	0.039	7.223
Ln Gross regional product per capita squared	-0.165**	0.082	0.044	-7.202
Unemployment rate	-0.012	0.012	0.328	-0.163
Government spending on social welfare as % of regional budget	-0.039****	0.011	0.000	-0.454
Ln Government spending on social welfare per capita	0.600****	0.129	0.000	0.838
% living below poverty level	0.017	0.011	0.126	0.269
GINI coefficient	-3.053**	1.425	0.032	-0.214
% working in education industry	-0.029*	0.018	0.097	-0.245
Index of ethno-linguistic fractionalization	0.224*	0.133	0.092	0.146
Constant	-31.052**	12.926	0.016	

N=80, No of replications = 1999

Adj R-squared = 0.6204

* significant at 0.1 level; ** significant at 0.05 level; *** significant at 0.01 level; **** significant at 0.01 level

Table 4: Results of the Regression Analysis (Part II – Non registered NPOs)

Ln No of other NPO per 1,000 residents	Observed Coef.	Bootstrap Std. Err.	P>z	Beta
% urban population	-0.004	0.011	0.681	-0.088
% population with higher education	0.000	0.015	0.993	-0.001
% female population	18.622	11.812	0.115	0.327
Ln Gross regional product per capita	6.944	6.211	0.264	5.446
Ln Gross regional product per capita squared	-0.264	0.249	0.290	-5.274
Unemployment rate	-0.051	0.050	0.307	-0.319
Government spending on social welfare as % of regional budget	-0.011	0.027	0.700	-0.055
Ln Government spending on social welfare per capita	0.465	0.386	0.228	0.297
% living below poverty level	0.027	0.023	0.230	0.198
GINI coefficient	-9.223*	4.086	0.024	-0.295
% working in education industry	-0.057	0.057	0.320	-0.216
Index of ethno-linguistic fractionalization	0.105	0.419	0.802	0.031
Constant	-52.440	40.009	0.190	

N=80, No of replications = 1999

Adj R-squared = 0.3457

* significant at 0.05 level

Table 6: Results of the Regression Analysis (Part III - TOS)

Ln No of registered and unregistered TOS per 1,000 residents	Observed Coef.	Bootstrap Std. Err.	P>z	Beta
% urban population	0.029	0.034	0.403	0.169
% population with higher education	-0.090	0.055	0.100	-0.207
% female population	20.270	39.095	0.604	0.102
Ln Gross regional product per capita	5.379	26.372	0.838	1.267
Ln Gross regional product per capita squared	-0.201	1.046	0.848	-1.217
Unemployment rate	-0.190	0.201	0.345	-0.246
Government spending on social welfare as % of regional budget	0.008	0.118	0.945	0.014
Ln Government spending on social welfare per capita	-1.668	1.289	0.196	-0.331
% living below poverty level	0.096	0.129	0.454	0.201
GINI coefficient	5.427	20.442	0.791	0.058
% working in education industry	0.267	0.253	0.292	0.300
Index of ethno-linguistic fractionalization	-2.002	1.591	0.208	-0.198
Constant	-49.338	174.813	0.778	

N=71, No of replications = 1999

Adj R-squared = 0.1503

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