

# **Institutionalization of Civic Initiative in Estonia 2009-2010**

## **Report Summary**

In what follows, we present a summary of the 2009-2010 study of Estonian non-profit organizations. The aim of the study was the mapping of the non-profit sector, and being a third replication study, it also sought to identify notable developments in time.

The first comprehensive questionnaire-based survey of non-profit organizations in Estonia was conducted in 1997-1998. While it doubtless helped to create a basis for understanding the general dynamics of the civic sector at the time, its statistical orientation left unanswered a whole range of further questions, most importantly questions regarding civic attitudes and awareness. These questions became central for the next, a more qualitative study conducted in 1999-2000. A further consequent study in 2004-2005 additionally combined a mailed questionnaire with interviews conducted with representatives of organizations and regional support centers across the country.

The study of 2009-2010 similarly consisted of two different methodological components: first, a national questionnaire-based survey with a representative sample of organizations across the country; following it, secondly, a qualitative interview-based study that allowed for a more precise and in-depth analysis of the relevant issues and problems. The data from the three previous studies provided the basis for an analysis of the main trends throughout the past decade. The replication studies allow for the identification of certain characteristic developments, main problems and prospects, and above all, these enable us

to distinguish between short-term changes, on the one hand, and more persistent patterns of maturation, on the other.

The study was commissioned by the National Foundation of Civil Society; it was conducted by the Center for Civil Society Research and Development at Tallinn University. Our partner Turu-uuringute AS contributed to conducting the questionnaire survey.

### **Methodology and Sample**

By September 1, 2009, there were more than 29,000 registered non-governmental organizations in Estonia, 16,223 being non-profit organizations (henceforth: NGOs) or their associations, and 817 foundations. The remaining were apartment associations that fall outside the scope of the present study.

A total of 1,126 Estonian organizations, 45% of those contacted, answered the questionnaire in writing. Among them, 1,034 were non-profit organizations and 92 were foundations. This gave us a random sample of 6.6% of the total of registered organizations. This counts as a representative sample and allows for making broader generalizations on the basis of the findings of the study.

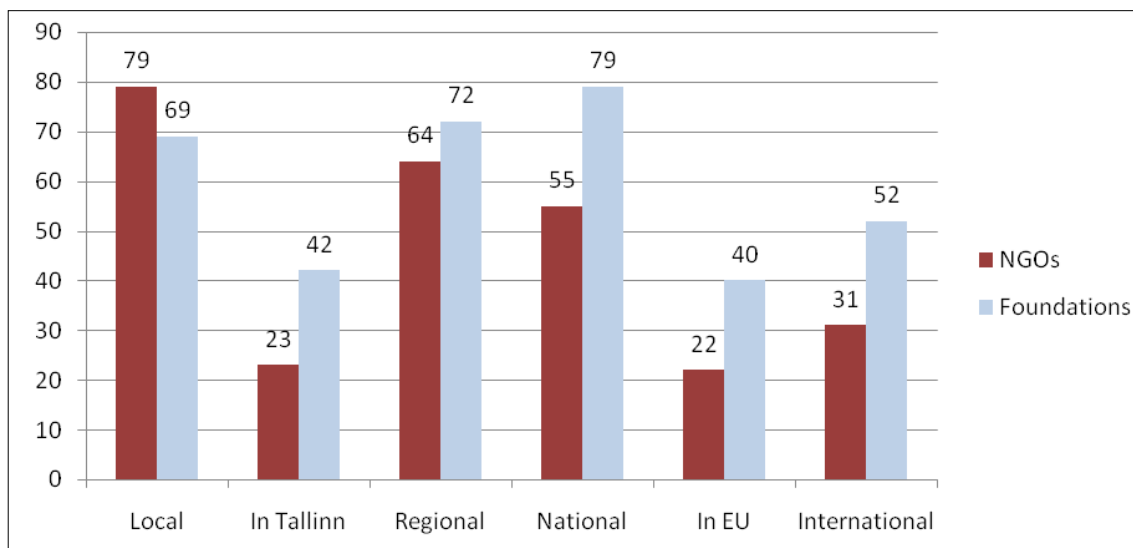
The data was statistically analyzed in SPSS program. On the basis of cluster analysis, we modeled a typology of civic organizations. We distinguished between six different organizational types of NGOs, compared the modeled clusters on the basis of multiple variables as identified in cross-tabulations, and constructed characteristic cluster profiles. We also conducted six group interviews with representatives of organizations from each cluster. We used the collected data for completing and specifying the typology.

## **Civic Initiative in 2009-2010. A General Overview**

The regional representation of respondent organizations, selected as a random sample, was similar to the 2004-2005 survey. Somewhat less represented were organizations based in Tallinn, but the differences remained statistically insignificant.

The majority of Estonian NGOs operate on the local level. On the local and regional levels, they have remained as active as during the previous study in 2005, while activities on the national level have somewhat decreased (earlier 63% of NGOs were active on the national level, now 55%). Foundations are more likely to operate on multiple levels, that is, locally, regionally, nationally and internationally (see Figure 1), and they have extended their activities considerably in the past five years. First, they have become more active on the local level (earlier 49%, now 69% embark on local activities), regional level (earlier 46%, now 72%) and national level (earlier 65%, now 79%). Secondly, they now also operate beyond the national level: in the European Union and internationally (earlier 49%, now 52%).

The regional amplitude of NGO activities (except for the local level) is clearly related to their age: older organizations are more apt to operate on multiple regional levels, i.e. locally, regionally, nationally and internationally. The more experienced foundations, in contrast, are more active than the less experienced ones only on the national level. International engagement, on the other hand, does not correlate with foundation's age.



**Figure 1. Which are the regional levels where your organization operates? %**

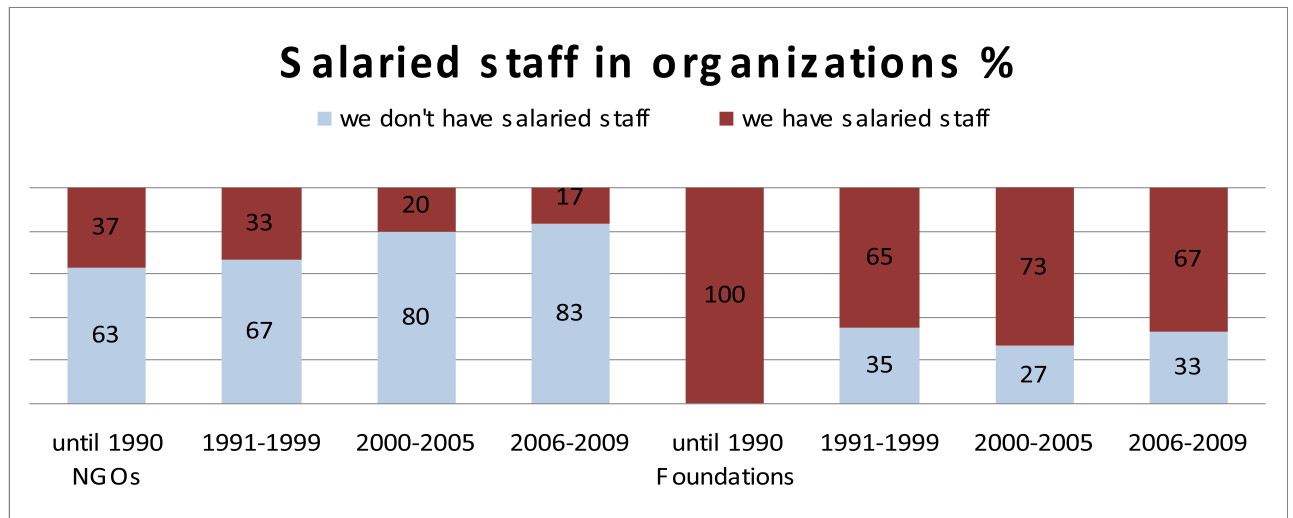
As previously, NGOs and foundations typically operate in different fields of activities. There are more NGOs among organizations of leisure activities (16%), sports (14%), and culture and arts (15%). The more common main activities of foundations are related to culture and arts (15%), education and research (14%), and providing social services (13%).

Since the previous study in 2004-2005, the average age of NGOs has decreased. Accordingly, the NGOs represented in the present sample are relatively young: 46% of the respondent organizations were founded in 2005-2009 and 68% are younger than 10 years.

The official statistics of the Ministry of Justice confirm the rapid increase in the registration of new organizations. In the period between May 1, 2005 and May 1, 2010, the number of registered foundations increased by 19%, while the number of registered NGOs increased by 27%.

In the case of NGOs, their age is one of the most important indicators for their general organizational capability and behavior in the civic sphere. As a rule, younger organizations, especially younger NGOs have fewer resources, less partnerships within and outside the non-profit sector; they are less informed about various support structures, and so on. Our data confirmed that the maturation of civic associations is a long process. The capability of foundations, by contrast, appears to depend more on the resources available to them from the outset, and above all on their financial resources.

NGOs and foundations also differ in their ability to employ salaried staff (see Figure 2). Foundations, as they enjoy a more stable and higher income than NGOs, have a clear advantage for employing professional staff. 67% of foundations has salaried staff (62 organizations), while 25% of NGOs (254 organizations) can afford to hire either part-time or full-time employees. 25% of NGOs and 49% of foundations have at least one full-time employee.



**Figure 2. Salaried staff in organizations, NGOs and foundations, %<sup>1</sup>**

Whereas in comparison with the previous study, there are no significant changes in the employment capabilities of organizations, the recruitment of volunteers has significantly

<sup>1</sup> Among the respondents, there was only one foundation founded before 1990

increased, especially in foundations. In 2004-2005, 37% of NGOs and 43% of foundations never recruited volunteers; this time there are no active volunteers only in 27% of NGOs and 22% of foundations. Almost two thirds of organizations have today involved volunteers at one point or another in their activities, as is evident in Figure 3.



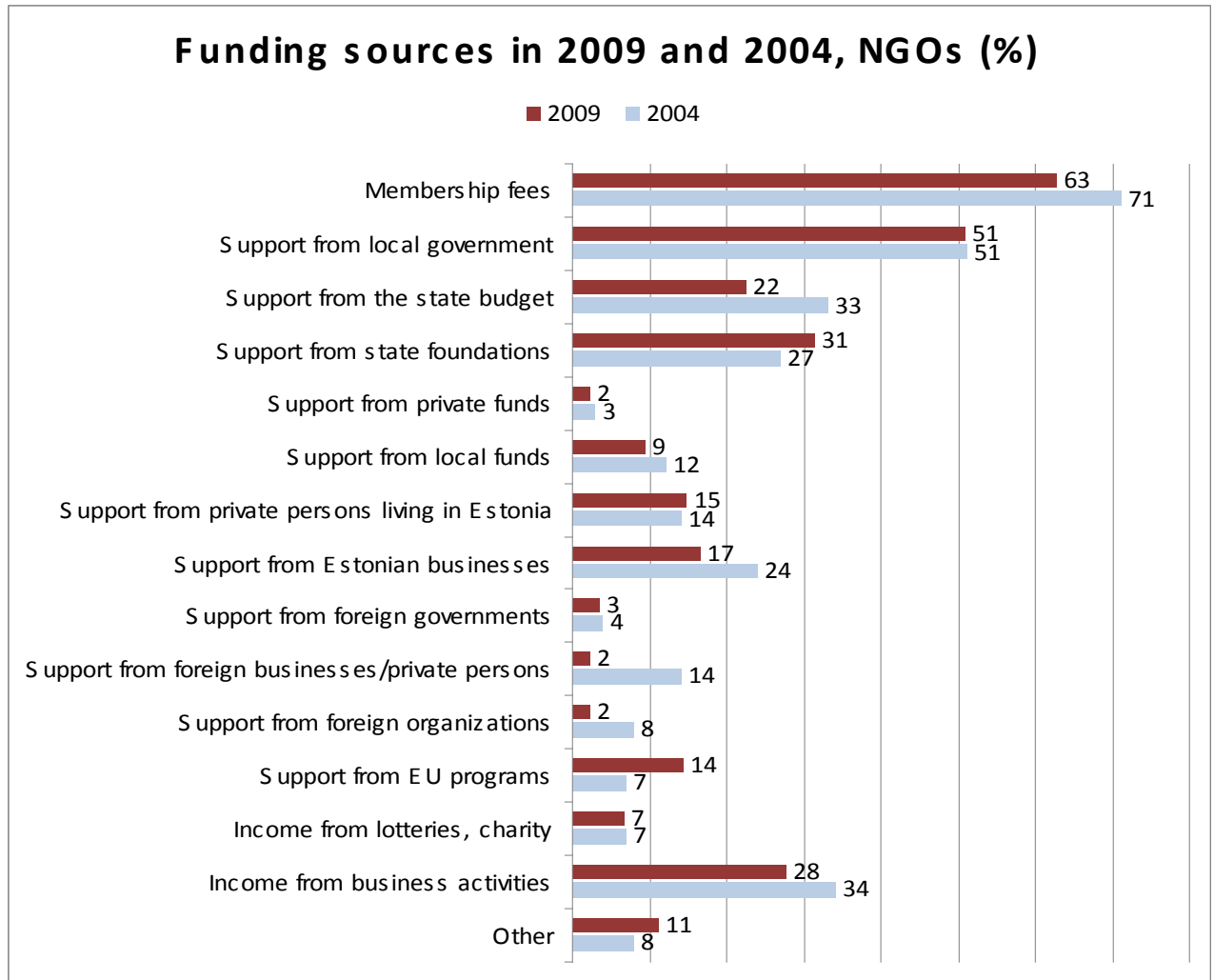
**Figure 3. Recruitment of volunteers, NGOs and foundations, %**

### **Funding of Civic Organizations**

Among their funding sources, NGOs most frequently mentioned income from membership fees (63%), support from local governments (51%) and national foundations (31%). Somewhat less frequently they mention income from commercial activities (28%), funding from the national budget (22%), and Estonian businesses (17%). Foundations (n=92) listed among their funding sources most frequently income from commercial activities (52%), support from national foundations (40%), private persons living in Estonia (36%), Estonian businesses (34%), local governments (32%), and funding from the national budget (25%).

Compared to 2004-2005, in 2009-2010 memberships fees are mentioned more frequently, yet funding from the national budget and support from businesses are mentioned considerably less frequently, and income from commercial activities somewhat less

frequently (see Figure 4). The mentioning of foreign foundations, companies and private persons living abroad has also decreased considerably, even if it was never a common source of funding. By contrast, the significance of EU programs as funding sources has increased twofold, yet there are still only relatively few organizations, approximately one sixth of the sample, who can benefit from it. The findings confirm what already the previous study highlighted: when Estonia joined the EU, the structural funds became a more important funding source for Estonian non-profit sector, while other types of foreign funding became increasingly less available. NGOs mention as frequently as in the earlier study the funding from local governments and private persons living in Estonia. The more detailed data is presented in Chapter 3 of the full report.



**Figure 4. Funding sources of NGOs, 2004-2005 and 2009-2010, %**

We asked the organizations about their income in 2008. 45% of NGOs had an income of less than 100,000 EEK, 16% had an income of 100,001-500,000 EEK, and 24% had no income. When asked about their income in 2009, 51% of the respondents said that their income has remained the same as in the previous year, 33% said that their income has decreased, and 19% said that their income has increased. The annual income of 22% of foundations was lower than 100,000 EEK, 19% had an income of 100,001-500,000 EEK, and 16% had an income of over 3,000,000 EEK. 13% of foundations had no income in 2008. As we see, there are more NGOs without any income than foundations. There is also a clear difference between NGOs and foundations in the size of income, even if those with the annual income higher than 3,000,000 EEK are also very few among

foundations. 42% of foundations noted that their income in 2009 has remained on the same level, 42% that it has decreased, and 9% that it has increased in comparison with 2008.

### **Organizational Changes**

In the 2009-2010 sample, there were more organizations with smaller membership than in the 2004-2005 sample. In 2009, 64% of the organizations had fewer than 30 members, while in 2004, such organizations were 42% of all respondents.

**Table 1. Number of members in NGOs, 2009-2010 and 2004-2005**

Members in NGOs	2009-2010		2004-2005	
	%	n= 1034	%	n=606
Less than 11 members	32	330	16	95
11-30 members	32	332	26	156
31-50 members	13	134	14	82
51-100 members	9	91	13	78
101-500 members	9	88	12	70
500+ members	3	31	3	15

Similarly, as can be seen in Table 1, the average size of the organizations has decreased. In 2004-2005, the average size of respondent organizations (the median) was 31 members, while in 2009-2010, it was 20 members, which means that the average size of the sample has decreased by a third. To some extent this can be explained by the greater proportion of younger organizations in the later study: in 2004-2005, the median age of respondent organizations was 8 years; in 2009-2010, 5 years. The median membership size of organizations correlates highly with their age: younger associations have fewer members and older organizations have more members ( $p=0.000$ ). In 2009, the median number of active members was 8, which is considerably lower than in the previous study, where it was 18 active members (the median). While in the past five years the size of

membership in organizations has decreased by approximately a third, the average number of active members has decreased 56%. These indicators confirm the conclusion of the 2004-2005 study that showed the trend of decrease in human resources, which in turn has its roots both in external factors and internal organizational development.

The study of 2004-2005 indicated that one of the major obstacles for sustainable organizational development for Estonian NGOs was their leader-centered organizational culture. Whether this still holds, can be determined by observing the periodical rotation of boards in NGOs. In 58% of NGOs there is no rotation of board members, in 35% there is rotation, and 7% of the respondents had no information about the issue. The board rotates more frequently in older and more experienced NGOs: 57% of NGOs founded before 1990, 49% of NGOs founded in 1991-1999, 34% of NGOs founded in 2000-2005, and 23% of NGOs founded in 2006-2009 noted that there was regular rotation of board members in their organization. Boards are more likely to rotate in organizations undertaking trade-union activities, representing interests of social groups, active in healthcare, or in fishing/hunting. There is less rotation in fields of religion, sport and neighborhood development. In the last five years, the board rotation in Estonian NGOs has decreased.

In addition to rotation, the organizational culture can also be interpreted through looking at how well informed and engaged are the members of the organization in its different activities. Since 1997-1998, we have asked organizations, which type of information they distribute to all their members. Table 2 below gives an overview of the answer across the past twelve years.

**Table 2. What kind of written information does your organization distribute to all its members? %**

<b>Distribution of written information to all members, %</b>	<b>1997-1998</b>	<b>2004-2005</b>	<b>2009-2010</b>
Annual budget report	33	38	49
Annual report of activities	37	45	45
Assembly meeting minutes	25	27	37
Board meeting minutes	21	23	30
Information brochures	33	29	26
Other printed information	24	25	15
We don't distribute written information	25	25	24

The use of most types of information distribution has increased in time. Nevertheless, still only half of NGOs inform their members with written materials or try to regularly encourage their active involvement in the organization's activities. Also, here, active informing of members is higher in older and more experienced organizations.

Also executive boards contribute to the development of organizations. Already the previous study showed that organizations found it difficult to recruit new members to its boards, especially when such work was unpaid. At the time, 91% of NGOs said that they cannot offer any pay for their board members, and the situation has remained virtually unchanged. In 2010, only 8% of NGOs can offer pay for their board members.

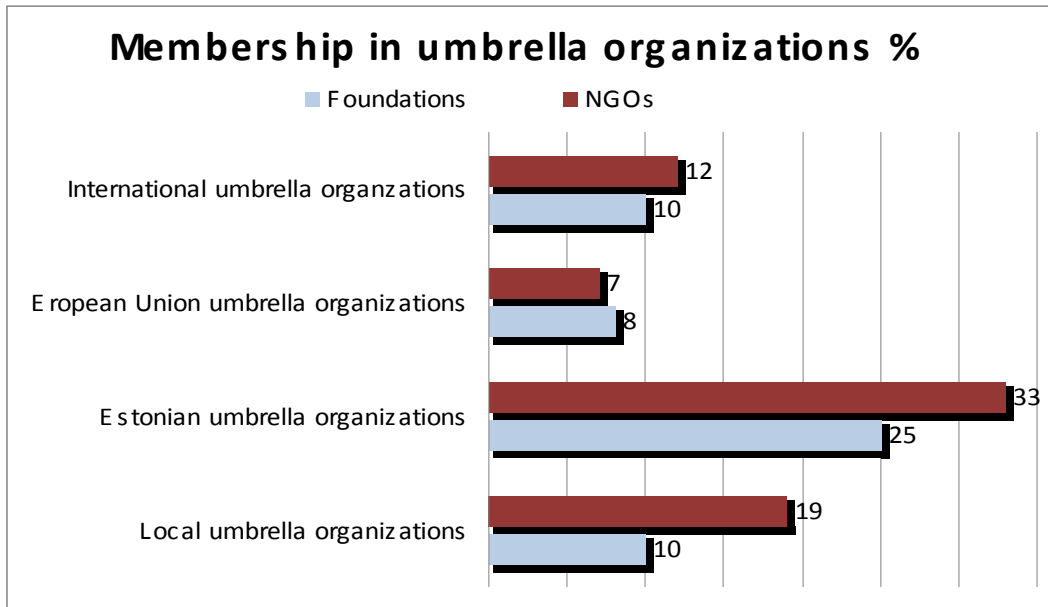
There are considerable differences between NGOs and foundations in their possession of various equipment and other means vital for carrying out their activities. Nearly two thirds of foundations and only a third of NGOs have their own office. Most umbrella organizations have their own office, while only one in five among associations younger than five years, the so-called grass-root initiatives, have an office. 85% of foundations have computers and access to internet, while almost 30% of NGOs has neither. During interviews, many participants mentioned difficulties related to the lack of IT-equipment, especially since NGOs can submit their tax declarations only via internet.

We asked the respondents to list all their sources of support during the previous three years. The most common sources of support, both in the case of NGOs and foundations, were friends and acquaintances, and other NGOs. The third most frequently mentioned source of support was umbrella organizations for NGOs, and consultation and training companies for foundations.

Younger organizations had been more frequently helped by regional support centers. Older organizations, by contrast, get more support from umbrella organizations. In the case of other support units, including support officials in ministries, consultation companies, other NGOs, the age of the organization was of little significance.

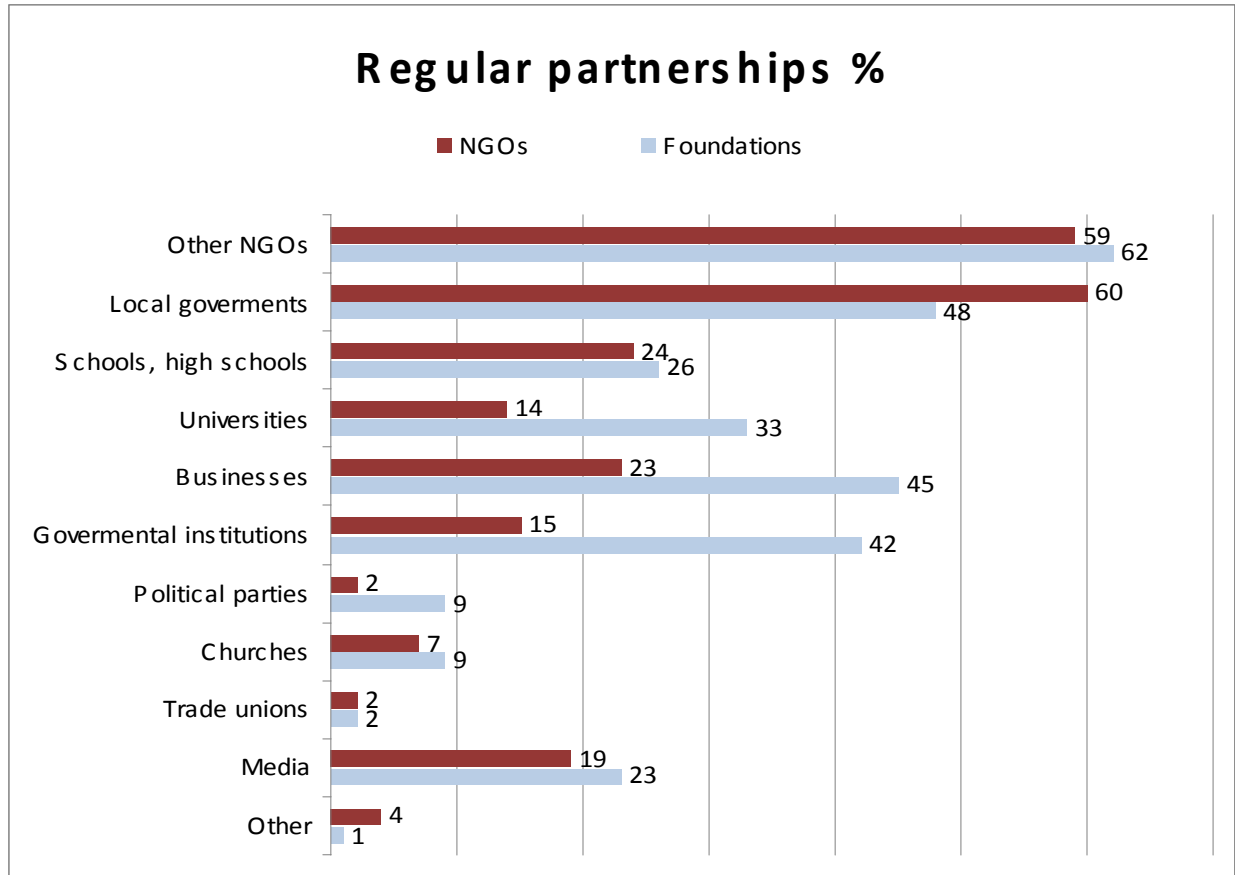
### **Partnerships, Cooperation and Societal Impact**

In the past few years, Estonian civic organizations have strengthened their participation in various co-operation networks, in particular on the local level. At the same time, membership in umbrella-organizations, a more formal type of co-operation, has remained more or less on the same level. In 2009, one in five organizations was a member of a local umbrella organization, 38% of a national umbrella organization, 8% of a European umbrella organization, and 13% of an international umbrella organization (see Figure 5). Members of international umbrella organizations are usually also members of Estonian umbrella organizations. One in six NGOs belonging to an Estonian umbrella organization are also members of some European umbrella organization, which indicates that such Estonian associations are relatively experienced in international networking.



**Figure 5. Membership in umbrella organizations, %**

Both NGOs and foundations have become more apt to cooperate within the civic sector itself. Yet cooperation with public institutions has even become less common, especially in the case of NGOs. In 2004, 24% of NGOs noted governmental institutions as their partners, as of 2009, this had decreased to 15% of the respondents. The mentioning of businesses as partners decreased from 32% to 24%, the mention of media from 32% to 19%, and schools from 32% to 24%. The main reason is probably the higher proportion of very young NGOs in the later sample, as well as in the national registry itself. Yet also the wording of the question might have influenced the result, as by contrast to the previous study, this time we asked about the *regular* partnerships of the organization.



**Figure 6. Regular partnerships, NGOs and foundations, %**

The most important partner for the civic sector is the local government – as it was in 2004. As Figure 6 illustrates, NGOs regularly cooperate with local governments (mentioned by 60% of the respondents), other NGOs (59%), schools (24%), and businesses (23%). Fewer have partnerships with trade unions (2%), political parties (3%), and churches (7%). Foundations have more partnership relations with governmental institutions (42%) and businesses (45%) than NGOs. As a rule, organizations with more financial and human resources are more likely to cooperate with public institutions. Also more experienced organizations have more partnerships than the younger ones.

The majority of civic initiatives strive to play a role in the society in one or another way, taking part, for instance, in the policy-making process, by offering public services, lobbying for the interests of certain groups or their members, organizing campaigns to influence decisions, and/or by initiating the drafting of new legislation. Foundations have, on average, twice as frequently experiences in these social activities, in particular on the national level.

### **Typology of NGOs**

One of the aims of the present study was to provide more systematic understanding – a typology – of active Estonian civic organizations. For modeling the typology of NGOs, we used the method of cluster analysis, and based it on the data collected in the questionnaire survey and analyzed in SPSS. We modeled a typology of six clusters, which provided the optimal size and scope of interpretative possibilities. The main variables were the age and income of the organization, and access to state budget funding.

In what follows, we present the general description of the six organizational types, their more detailed description and analysis is given in Chapter 5 of the report.

#### Type 1

This cluster comprises mainly older and oldest NGOs with highest income, with a larger than average membership, who have close partnerships with state institutions and are partly funded by the national budget. These organizations also cooperate regularly with other societal sectors, such as other NGOs, businesses, and so on. They have extensive experience in recruiting volunteers, and are aware of relevant national policies and funding instruments. They often offer services for a broader public and contribute to legislative initiatives. These organizations frequently act beyond national boundaries, in

the EU or internationally. More often than other types, these NGOs cooperate also with political parties. Among the typical representatives here are established umbrella organizations, including associations of local governments.

#### Type 2

This cluster comprises mainly older and oldest NGOs with low or no income, with average or smaller membership, in which there are more women than men. These NGOs are typically oriented to their members, and less to the society at large. Mostly they do not recruit volunteers and act on the local level. Their main sources of income are membership fees and support from the local government. Their active members are aware of national support instruments for NGOs. Among its typical representatives are older leisure associations and grass-root initiatives with a clearly defined membership.

#### Type 3

This cluster comprises mainly organizations older than 10 years, who have in the Estonian context an average or slightly higher income and a slightly larger than average membership. Their main partners are other NGOs, while with public institutions and local governments they co-operate less than Type 1 organizations. At the same time, they often rely on the financial or other forms of support from the local government. They co-operate also with media and educational institutions, and recruit volunteers. Sometimes they act internationally or in the EU. Among its typical representatives are older professional associations and regional umbrella associations.

#### Type 4

This type includes mainly organizations of between 5-10 years of operational experience, with smaller or average income. Most have less than 30 members, but there are also some

organizations with a larger membership. Their main partner is the local government, while cooperation with governmental institutions is rare. They make few efforts to broader social actions and rarely participate in policy or legislation initiatives. Volunteer participation is more common than in most other organizations. They mainly act on the local level and make use of the services offered by regional support centers. The typical representatives here are NGOs that offer local social services, are active in local development or leisure organizations.

#### Type 5

This is the most common type among Estonian NGOs, comprising NGOs with four or less years of experience, with the lowest level of income and membership. At the same time, the organization is very dependent on its members – its primary source of income is membership fees, and it rarely employs salaried staff or recruits volunteers. Only a fifth of these organizations have their own office. They have no or few partners in the non-profit sector, or among local governments and public institutions. They have more partners than the average NGOs in the business sector. Only few are members of umbrella organizations. These organizations are the most typical recipients of services from regional support centers, while their level of knowledge about national non-profit sector support schemes is below the average. The typical organizations here are young and small grass-root initiatives.

#### Type 6

This type includes fewer organizations than others. These are relatively young and small, but with high income. They often have legal persons as their members. As a rule they employ salaried staff and cooperate regularly with both NGOs and other social actors. They have as strong partnerships with ministries as Type 1 associations, and often recruit volunteers. It is more common than on average for these organizations to use various

services offered by consultations firms. The typical representatives in this cluster are younger regional or national professional associations, or organizations providing various services.

Different types of organizations have different levels of experience, resources, aims and public roles. Type 1 comprises organizationally strongest NGOs – with the highest income, highest level of experience. The majority of NGOs, however, belong in Type 5 - the young, small, and low income organizations. Different types of organizations also act different in the civic sector.

Organizations under Type 1 are the most likely to have many regular partnerships. At least half of them have more than seven partners. The median number of partnerships in this group is 4.8. In Type 1, the median number of partnerships is 1.7.

Different organizations also receive consultation and support from different sources. We asked organizations, where they turn to for support and receive it.

**Table 3. NGOs according to cluster profiles and their sources of support, %**

<b>NGOs have received advice and support...%</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Average</b>
Regional support centers	17	17	13	24	25	13	21
Other NGOs	57	43	54	41	56	81	49
Umbrella organizations	55	44	44	28	18	31	30
Ministries	19	5	10	5	3	19	6
Consultation and training companies	29	14	13	17	16	29	17
Friends, acquaintances	50	45	46	52	61	54	54

As we see in Table 3 above, the most common sources for advice are the friends and acquaintances, then other NGOs and foundations. Older organizations can count on umbrella organizations. Regional support centers have advised nearly one in five organizations, mostly younger or low income NGOs and those who work on the local

level and are oriented mainly to their own members. About a tenth has benefited from free services from the local governments, especially Type 1, 5 and 6 organizations.

254 NGOs or 25% have sufficient resources to employ salaried staff. 12% of NGOs have at least one full-time employee. When comparing the employment of salaried staff across organizational types, we see that it varies from 10% (Type 5) to 81% (Type 1).

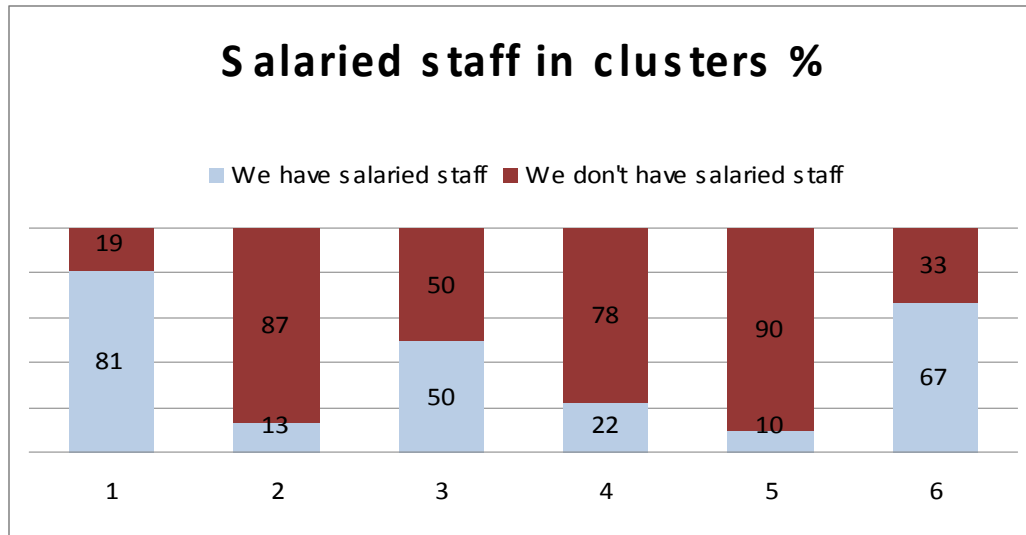


Figure 7. Salaried staff in clusters %

## Conclusion

Both the analysis of the results of the study and their comparison with earlier data lead us to conclude that differences between organizations working at different levels and in different fields have considerably increased. The non-profit organizations are divided into different sectors with different patterns of development and needs. Also the differences between foundations and NGOs as different types of legal entities have become sharper than earlier.

Foundations have a broader scope of activities, being often already since their founding active also on the international level. They have more possibilities for employing salaried staff and hence to give the organization a strong acting basis from the outset. Also the

NGOs, however, are broadening their activities, and participate in various regional and national initiatives much more frequently than five or ten years ago. Yet there is still a large proportion of NGOs mainly involved in organization building. As we saw, the majority of active NGOs were founded less than five years ago. Another significant development has taken place in volunteer recruitment, especially in the case of foundations.

As we saw, differences between organizations are not limited to their societal roles. In order to have a more up-to-date overview of the Estonian civic sector, we modeled, on the basis of cluster analysis method, a typology of various NGO profiles. We distinguished between six types of NGOs with different levels of experience, resources, aims, relations to public and specific problems. The most common organizational type includes young organizations with low income, small membership and few partnerships. The analysis of different types also showed that the more professionalized organizations recruited volunteers more frequently, informed and involved their members more regularly in different activities, and had a rotating board.

A further important development is the decrease of human resources in organizations. Although the number of NGOs is growing, the number of members in one organization decreases. We already noted this tendency in the earlier studies. Both the average number of members and the number of active members is decreasing, as is the average number of board members.

On the basis of the data from 2004-2005, it can additionally be noted that the financial situation of organizations has not improved significantly. Funding from the state budget, private companies, as well income from commercial activities is mentioned less frequently than previously. Membership fees and funding from local governments have remained the most important source of income. It is mostly the more experienced NGOs with more members who have a stable income from a variety of sources.

Estonian civic organizations are, as previously, notably leadership-centered, that is, dependent on the contribution of their small board or even one leader. The leaders of organizations have not always been able to engage other members in the daily activities or in planning. Such unequal distribution of work, infrequent rotation and insufficient involvement of members may in the long run impede the sustainable development of organizations.

Among the most important partners outside the civic sector itself are local governments – as already the previous study showed. As a rule, cooperation with governmental institutions correlated with the resources available to the organization: the organizations with more various resources were more likely to have regular partnerships with public institutions. In other words, more experienced organizations with more members and diverse income sources had a greater number of partnerships than younger and smaller NGOs.

Different types of organizations are facing different specific problems. Both future policies as well as national or local funding strategies should take into account this tendency towards greater differentiation.