

## **The Armenian third sector twenty years after the post-soviet transition: continuity or change?**

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### **Abstract**

In the last years of the Soviet Union and especially after its collapse Armenia witnessed a creation and rapid growth of its third sector. Newly created non-profit organizations focused primarily on humanitarian issues as a reaction to very challenging events: a devastating earthquake in 1988, the armed conflict over Armenian populated Nagorno Karabakh province of neighbouring Azerbaijan, and the plummeting economy of the newly independent Republic of Armenia. By the beginning of the 21<sup>st</sup> century however the non-profit sector started to shift its main focus from humanitarian assistance towards policy engagement.

The current official state registry of Public Organizations (the Armenian equivalent of third sector organizations) consists of some 3500 entries. However, most of these organizations exist only on paper. According to various estimates, the number of really operating Armenian third sector organizations is somewhere between 300 and 800 entities. Among those actually active, many have questionable levels of financial sustainability, and are often characterized by being mainly donor-driven rather than genuinely rooted in the communities they serve. More specifically, third sector organizations are perceived by the public as foreign-funded small businesses providing employment opportunities for a few professionals, rather than grassroots associations or stakeholder representatives. A study of the sector done in 2004 argued that many of the most prominent organizations were strongly dependent on the founding leader and were identified with that leader in the eyes of the public and decision-makers. Should the founding leader depart, the organization would often close down (Blue and Ghazaryan 2004). This factor points to questionable institutionalization of the Armenian third sector at the time of the study.

Meanwhile the Armenian society is not what it was 20 years ago. A new generation that was not socialized into Soviet “mandatory volunteering” institutions has grown up and has the potential to escape the post-soviet legacy of mistrust of associations and disengagement from the public sphere. There has been an increase in civic participation, with recent cases of successful mobilization to address environmental concerns and unpopular urban planning decisions. Scholars point out that there is enough supply of volunteering potential in the Armenian third sector which fails being utilized (Hakobyan and Tadevosyan 2010).

Using original primary data collected through a survey of Armenian third sector organizations conducted in 2013, this paper investigates such issues of third sector organizational change or continuity, and consequent third sector capacity to reflect a changed reality. The study hypothesizes that relatively recently established organizations, and those that have undergone a leadership change, will differ from older organizations established in 1990s which are still led by their original founders. We expect such a “new third sector style” organizations to show a stronger capacity to develop links with the community and to inspire genuine citizens participation. We also expect these more recent organizations to be more involved than previous generations in policy-making through attempts to interact with national and local government. The study also considers other possible differences in functioning between the “old and the new third sector style”, such as the usage of modern communication tools, organizational structure and fundraising activities.

### **Introduction**

A vibrant third sector is believed to be important for democracy. Interest in voluntary organisations as promoters of democracy can be traced back to Alexis de Tocqueville’s (2000[1864]) ideas on the importance of associational life for the American democracy at the time. Impressed by the scope of self-organised social activities he had observed during his visit to the United States, Tocqueville hypothesised that associations are ‘schools of democracy’ where people meet and decide on matters of common interest, thus developing habits of cooperation and public-spiritedness. In a path-breaking work, Almond and Verba (1963) explored the link between voluntary associations and political culture. The authors demonstrated that voluntary associations were among social institutions that shaped participants’ political and civic skills and attitudes. Since then, there has been numerous studies dedicated to various roles associations play in democratic (Fung 2003; Skocpol 1999; Warren 2001) and not so democratic (Antlöv, Brinkerhoff, and Rapp 2010; Beissinger 2005; Diamond 1999; Geremek 1996; Hashemi 1996) societies.

In the post-communist region civil society (a term more commonly applied to third sector organisations) was first hailed as the bringer of democracy and then criticized as “weak” (Howard 2002; Howard 2003). Problems of post-communist third sector can be divided into two broad categories. The first category is about individual attitudes and behaviour of citizens: disdain towards volunteering, distrust towards associations, and low membership in associations. These are mostly a legacy of communism, under which people were forced to join organisations and ‘volunteer’ on a regular basis. The second category of problems of post-communist third sector has to do with a rapid donor-driven development of the NGOs in these countries after the collapse of the Soviet Union. Manifold challenges of regime transitions, often accompanied with an economic collapse, created the demand for third sector actors, while generous international donor support boosted the supply. This led to mushrooming of NGOs heavily dependent on external donors. While this helped establish a seemingly vibrant NGO sector, it created a set of constraints NGOs currently struggle with. Organizational sustainability of most NGOs in case of

withdrawal of international developmental aid is questionable. More importantly, a legitimate ability of civil society organisations to represent local voices is often disputed on the grounds that many NGOs are funded from abroad.

This paper focuses on the second set of problems: those occurring on the organisational level rather than stemming from the general public attitude towards the third sector. Based on primary data collected through an organisational survey, the paper discusses the institutionalisation process of Armenian NGO sector. We demonstrate that NGOs have entered a new stage of development, having overcome at least one of the problems that was frequently mentioned before: the problem of overdependence on one charismatic founding leader. We also show that older organisations are more institutionalised in terms of personnel capacity (more staff and volunteers) and are more successful in fundraising activities, while younger organisations are more prone to using social media for publicity.

### **Armenian Third Sector: Communist Legacy and Rapid Development**

In the Soviet Union and other countries of the Soviet led socialist block the third sector was severely curtailed. The domain between the market, the state and the private life was almost non-existent because of the nature of the regime: the state controlled most of social life and even made inroads into private life. The state also assumed the responsibility for welfare provision thus filling in one of the niches often occupied by third sector organizations under other types of regimes. At the same time a plethora of officially controlled and organized associations existed in the Soviet Union and the countries of the Eastern Block. People were encouraged and at times even forced into those organisations.

In late 1980s a gradual opening of Soviet Union and the disintegration of the communist bloc created new opportunities for formal associational activities outside of state control. NGOs started to appear. In early 1990s the process sped up to a point of being referred to as “mushrooming of NGOs” or an organisational boom (Voicu and Voicu 2003). With the collapse of the communism, NGOs became one of the many new things that democratisation and ‘westernisation’ brought to the region.

With ‘glasnost’ and ‘perestroika’ declared in the Soviet Union new opportunities of associational life were created and taken advantage of in Armenia as well. In late 80s and early 90s first NGOs called Public organizations in Armenian,<sup>1</sup> were established. Environmental protection is usually mentioned among the first issues that more or less organized citizen groups would advocate in the first phase of third sector development. As a response to a devastating earthquake of 1988, which claimed lives of about 45,000 and left 500,000 homeless, voluntary groups and organizations for humanitarian assistance and relief were formed. War in Nagorno Karabakh, refugees and severe economic crisis added to the scope of tasks taken on by newly formed NGOs. This period can be called the next phase of civil society development in Armenia: the local grassroots response to earthquake, refugee influx and growing poverty, stimulated by examples of foreign benevolent organizations that were providing humanitarian assistance to the

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<sup>1</sup>“Non-Governmental Organization” in Armenian «Հասարակական կազմակերպություն» (Public organization)

county. International NGOs began to work in Armenia in 1990 and also served as example organizations (Blue, Payton, and Kharatyan 2001).

By mid-90s there was a visible NGO sector created in Armenia, however, the initial stage of development of the third sector cannot be characterized as successful. Despite that hundreds of NGOs mushroomed after independence, their ability to represent public interest, their impact on public decision-making and their sustainability were questionable. Third sector organizations in their initial stages were created by members of social and political elite with the financial support of western funding and charitable organizations (Dudwick 1995). Most NGOs remained small and heavily controlled by the founder; who was often a strong charismatic personality who set the agenda and lead fundraising efforts (Danielyan 2001).

The volatility of Armenian NGO sector and its dependency on donor support can be gauged by looking at numbers of NGOs and how they change over time. The NGO sector has experienced both impressive expansion and dramatic sudden drops in terms of formally registered organizations between 1995 and 2014.

Since independence Armenia witnessed a rapid growth of the NGO sector. In 1995 the number of registered organizations was estimated to be around 900 (Dudwick 1997). In 1999 a re-registration was required by the authorities; as a result the numbers of officially registered NGOs shrunk dramatically: from 2,300 to around 500. Blue, Payton and Kharatyan (2001) estimated some 200 more NGOs operating without registration, so the number of active NGOs at the beginning of the 21<sup>st</sup> century was estimated to be around 700.

From 2002, systematic data of officially registered NGOs are available at the Armenian National Statistical Service. As of January 2002 the number is again way above 2,000 and continues to steadily increase, except for one year, discussed in more detail below. Table 1 presents official numbers of registered NGOs from 2002 to 2013 obtained from the National Statistical Service of Armenia (National Statistical Service of Armenia 2014).

Table 1: Number of registered NGOs in Armenia (2002 - 2013)

<i>Month, Year</i>	<i>Number</i>	<i>Difference %</i>
Jan 2002	2,756	--
Jan 2003	3,211	+ 16.5
Jan 2004	3,660	+ 13.9
Dec 2005	2,202	- 39.9
Dec 2006	2,548	+ 15.7
Dec 2007	2,776	+ 8.9
Dec 2008	2,997	+ 7.9
Nov 2009	3,196	+ 6.6
Nov 2010	3,447	+ 7.8
Sep 2011	3,690	+ 7.0
Mar 2012	3,838	+ 4.0
June 2014	3,981 <sup>2</sup>	+ 3.7

Source: National Statistical Service of the Republic of Armenia Yearbooks, available at <http://armstat.am/en>

Table 1 shows an increase in the number of registered NGOs from 2002 to 2012, except for the year 2005 when the number decreases from 3,660 to 2,202. Two factors may have caused the decline in the number of registered NGOs. In 2004 an addendum to the law on NGOs in Armenia was made, stating that organizations having value of property exceeding 25mln Armenian Drams<sup>3</sup> should provide a document on the composition, size and sources of the property origin. This addendum to the law could be a reason for many NGOs not to declare their properties and thus not to be officially re-registered. Another possible cause for the decreasing number of NGOs in the period from 2004 to 2005 was the termination of the World Learning Program, a United States Agency for International Development (USAID) funded project aimed at supporting the establishment of NGOs in the republic. The Program ceased its operation in 2004. Since this program was a major source of funding for the NGO sector, with its closure NGOs faced a more difficult financial environment. As a result many NGOs could have closed.

Thus during the two decades the numbers of officially registered NGOs have steadily increased over the years, with the exceptions of those years when re-registration was required (1999 and 2004). These years witnessed a dramatic drop in numbers, followed by a fairly rapid increase again. Nowadays there are 3552<sup>4</sup> registered non-governmental organizations (NGO). However many of these are short-lived, financially over-dependent on external donors and often non-operative, existing on paper only.

Some authors are sceptical of the overall of Western donors' impact on developing Armenian civil society. Ishkhanian (2008) argues that "NGOization" has led to de-politicization and taming of the emancipatory potential of civil society. Proliferation of Western-type NGOs

<sup>2</sup> Number of registered NGOs in Armenia as of June 23, 2014 (State Register Agency of Legal Entities of Armenia)

<sup>3</sup> App. 71,000 USD (according to the currency rate of the time)

<sup>4</sup> Data was provided by the Ministry of Justice of the Republic of Armenia in February 2013.

crowded out endogenous forms of civic participation and association, thus in fact undermining genuine civil society development; as many NGOs exist purely for the pursuit of acquiring international funding (Ishkanian 2008).

After two decades of development the third sector has registered a modest progress at best in terms of institutionalisation and ability to represent its constituencies. The USAID CSO Sustainability Index (USAID 2012) depicts Armenian third sector as partially developed, with no major upward or downward trends for the past 15 years. CIVICUS Civil Society Index (Hakobyan et al. 2010) assesses Armenian civil society as ‘moderately developed’ with a relatively strong level of organisation but with weak impact and low civic engagement. The Armenian NGO sector is described as donor driven (Blue and Ghazaryan 2004) to the extent of becoming artificial (Ishkanian 2008). On the other hand there have been studies highlighting positive aspects of Armenian civil society such as high levels of trust in small rural communities (Babajanian 2008) and high potential for informal volunteering (Hakobyan and Tadevosyan 2010).

Over-reliance on the founding leader was a persistent problem of the third sector up until 2004 (the year for which the latest comprehensive study of the NGO sector was conducted). One of the main organisational issues identified in the report by Blue and Ghazaryan (2004) is the lack of leadership transition from the founding president to an individual selected by an independent board or by the members. Many prominent NGOs were regarded as ‘one person show’ organisations that would fall apart if the current leader were to depart. Moreover, since the study was a follow-up to a similar study conducted in 2001, the researchers found that some of the 2001 sample organisations were officially or unofficially closed because their leaders either passed away or left the country (Blue and Ghazaryan 2004, 34).

In this study we wanted to explore to what extent the lack of leadership change is still a problem. On one hand the previous assessment was conducted ten years ago: a time span enough for many NGOs to undergo a leadership change. On the other hand the NGO sector remains volatile, as demonstrated above, with many new NGOs being established but few coping with the reality of harsh competition for limited donor resources: ‘one person show’ types of NGOs might not have survived the organizational challenge of leadership change. To quantify our understanding of the overall leadership change in the NGO sector, we formulated the following null hypothesis and alternative hypothesis:

H<sub>0</sub>: Less than 50% of active NGOs have experienced leadership change

H<sub>1</sub>: 50% or more of active NGOs have experienced leadership change

Older NGOs have more time to accumulate experience and institutionalize themselves. Younger NGOs, on the other hand, might have an advantage of higher flexibility and ability to utilize new developments (such as for example the rise of new social media). We expected to see differences between newer and older NGOs in terms of organizational structures, fundraising activities, areas of involvement and use of communication tools. We also expected to see

differences between those organisations that did undergo a leadership change as compared to those organisations that were still run by the founding leaders, expecting the latter to be less flexible and adaptable to the new developments but to have stronger organizational capacity due to the experience of the founding leader. Thus, the following hypotheses were formulated.

H<sub>02</sub>: There is no difference between older and younger NGOs in organisational capacity, ability to attract funding and use of social media

H<sub>2.1</sub>: Younger organisations have lower organisational capacity

H<sub>2.2</sub>: Younger organisations are less successful in attracting funding

H<sub>2.2</sub>: Younger organisations use social media more to promote their activities

H<sub>03</sub>: There is no difference between organisations that have and have not undergone leadership change in terms of organisational capacity, ability to attract funding and use of social media

H<sub>3.1</sub>: Founding leader organisations have higher organizational capacity

H<sub>3.2</sub>: Founding leader organisations are more successful in attracting funding

H<sub>3.2</sub>: Founding leader organisations use social media less to promote their activities

## **Methodology**

This study uses original primary data from organizational survey of Armenian NGOs. The survey is not representative of the overall NGO sector, as it aimed at targeting only the most active NGOs resulting in 188 questionnaires completely answered and used here. The sampling strategy and the survey process are described in detail below.

Originally, it was planned to obtain an official list of NGOs registered in Armenia that would serve as the principal sampling frame for the study. An official letter was sent to the State Registry requesting a list of NGOs with corresponding contact information, such as name of the organization, address and contact numbers. The request was denied by the institution based on the fact that a corresponding law on accessing such detailed data requires a fee to be paid for each organization's information details (National Assembly of the Republic of Armenia 1997). Considering that there are more than 3,000 organizations registered in the republic, the cost was prohibitive. Instead a full nominal list of the registered NGOs was provided by the Armenian Ministry of Justice free of charge. This list contained 3,552 organizations.

To retrieve NGOs' contact information we decided to rely on the internet, more specifically on Google as the main search engine. This decision has a major drawback in that our survey would not be representative of the entire NGO sector as it *formally* exists and that we would exclude all the organisations that do not maintain internet presence for a variety of reasons. On the other hand, we do know that the formal list of registered NGOs is not an accurate reflection of reality<sup>5</sup>. Many organisations on that list do not exist, while there could be a number

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<sup>5</sup> Many NGOs in Armenia exist only on paper. The procedure for establishing an NGO is fairly straightforward; there is no requirement to re-submit any documents later on, nor to inform the authorities in case of NGO closure.

of active organisations that opt to remain unregistered. In our research we are interested in at least somewhat functioning organisations (which takes priority over representativeness of the study) thus we adopted internet visibility as an indication of NGO activity. Internet is an important communication platform<sup>6</sup> that NGOs, striving to keep up with modern developments, use to make themselves and their activities known. On the other hand, if NGOs are active, they are likely to get mentioned on internet (by journalists, donors, bloggers, etc.)<sup>7</sup>.

‘Googling’ was carried out through a sequence of steps. A team comprised of six students conducted an online search for the organizations on the list through the Google search engine. Students were instructed to search for the Armenian name of an organization first, and look for the main results. In case the application did not generate any results, English transliteration of the Armenian name and/or an English translation of the name (if such a translation seemed logical to the searcher) was used.

Based on the results of the search of the online visibility, each NGOs originally included in the 3552 names list was coded as: a) “not available” (NA), or b) “no contacts” (NC), or c) “full information available” (YES). The NA code indicates organizations for which no mention whatsoever was found on the internet. The NC code indicates NGOs that are at least somewhat visible online: for example Googling shows that they are mentioned in media or any other web source including social networks<sup>8</sup>, but no specific contacts (such as telephone, e-mail, postal address or organizational website) could be obtained. The YES code indicates organizations for which specific contact information (either/or telephone number, e-mail address and postal address) was obtained through the internet search.

Googling has generated the following results: out of 3,552 registered NGOs 1,812 (51%) have no online presence, 973 (27%) have some online visibility but no specific contact information and 767 (21%) have their contact information available through internet. Thus, only about one-fifth of the Armenian NGOs currently take advantage of internet as a means of making themselves available to potentially interested partners or beneficiaries.

After completing the internet search of the names of 3,552 organisations officially registered in Armenia, we have compared the results with an outcome of another effort of mapping the Armenian NGO sector. An activity with a similar task of providing realistic picture of existing and functioning Armenian NGOs was undertaken by Civilitas Foundation<sup>9</sup> (CF) in 2009, with an aim of developing a guide to the civil society activity in Armenia. CF had the same starting point (the list of all officially registered NGOs in the country at the time) but has relied on the phone as the main means of accessing the organisations. Each organization on the list was contacted by CF staff. A database of operating NGOs containing 456 entries was created based

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<sup>6</sup> According to CRRC data 40% of the Armenian population had internet access from home in 2012.

<sup>7</sup> One of the slogans of the 21 century is “if it is not online, it does not exist.” Our usage of Googling as an assessment technique has been to some extent inspired by this slogan.

<sup>8</sup> For example 18 NGOs were found to have Facebook pages

<sup>9</sup> Link: <http://www.civilitasfoundation.org/cf/>

on this effort.<sup>10</sup> Each NGO on the list of the CF database was compared to our Googling outcomes in terms of name and contact information. A total of 26 NGOs were identified in CF database that were not originally identified through Googling. The comparison has shown that the application of different primary techniques, namely online mapping through Googling by TCPA and phone call mapping by CF, has generated roughly corresponding results. Thus, we can say that our use of internet for obtaining the contact information generated reasonably reliable information, though, as already mentioned above, the list of ‘internet visible’ NGOs is by no means representative of the Armenian NGO sector at large. It does, however, serve as a fairly good pool of contact information for those NGOs that are likely to be active. Thus, the list of 445 NGOs with e-mail addresses found online was taken as the sampling frame for the organisational survey.

The survey questionnaire was prepared in English followed by a translation to Armenian as the target audience is comprised of Armenian nationals: leaders of local NGOs. The Armenian online questionnaire was created and pretested by sending it out to three NGOs and soliciting detailed feedback over the phone upon completion. Certain adjustments were applied to the questionnaire based on the feedback generated from the pre-tests. The questionnaire comprises a total of 29 close and open-ended questions addressing the following issues related to NGOs: structure, leadership change, sectors of operation, activities, trust toward NGOs, volunteering, usage of online tools, relationship with the local/national government and funding related issues.

As the survey implementation started, it allowed us to gain additional insights and improve our estimations of online NGO visibility obtained through Googling. An online survey questionnaire was sent out to the 445 emails available. Mail delivery system returned back 100 addresses of emails.

One of the concerns of the study is that there could be active NGOs that are not included on the official list of registered organizations. In an attempt to find out about such organizations the survey questionnaire sent to NGOs included a snowballing question asking the respondent to name three other NGOs working in their field. The answers obtained were compared to the original sampling frame. A total of 15 new names of NGOs were obtained through snowballing.

Since there was a substantial number of NGOs for which phone numbers but no e-mails (or, as we found out, wrong e-mails) were obtained through Googling and because reliance on e-mails only yielded very low response rates (52 NGOs that completed the survey after the participation soliciting e-mail and a reminder) the next step in the study was to make phone calls to all those NGOs, which we could not reach through e-mail. Three team members made phone calls to 705 available phone numbers. The calls involved a quick elaboration on the purpose of the study conducted, a verification of the e-mail obtained from the internet, or a request to provide a correct/working e-mail, followed by a request to an authorized person at a given organization to fill in the questionnaire which would be sent to them the same day. The calls

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<sup>10</sup> The CF list of organizations can be accessed here:  
[http://civil.am/index.php?option=com\\_comprofiler&task=userslist&listid=5&Itemid=61](http://civil.am/index.php?option=com_comprofiler&task=userslist&listid=5&Itemid=61)

were conducted during the week days; two or three follow-up calls were made to non-responsive phone numbers varying the time of the day to ensure maximum coverage. Out of 705 available phone numbers 30% calls received no answer (no one picked up the phone or number temporary unavailable), 16% were wrong phone numbers (not an NGO number, the person who picked up the phone does not know anything about the NGO); 12% refused to participate in the survey; 7% of NGOs reported having no e-mail (a total of 10 phone interviews were conducted as a result of respondents having no email), 4% of NGOs reported being closed. In 31% of cases the person who picked up the phone provided an e-mail and promised to fill in the questionnaire which was sent to them the same or the next day. Reminder phone calls were made to NGOs that promised to fill in the survey but did not do so. At the final stage of surveying, the researchers called the NGOs to remind once again and offered to conduct a phone interview on the spot, not to delay the response any further. A total of 55 survey questionnaires were filled in through a phone interview in this manner.

The final database with primary data collected from the Armenian NGOs contains 188 responses. The survey was conducted in the period of July - November 2013. This is 5.2 % of officially registered NGOs in the republic as of February 2013. The analysis of the data was conducted using the Statistical Package for the Social Sciences (SPSS) software.

## **Survey Results**

### *Background Descriptive Statistics*

Out of 188 NGOs 124 (66%) report being located in Yerevan, 56 (30%) located in towns and eight in the villages of Armenia. The oldest organization reported in the database was established in 1985, the youngest in 2013. Table 2 below presents the age of the organisations grouped into three broad categories. The mean (and the median) year of establishment of an organisation is 2003.

Table 2 Organizations' years of establishment

<i>Years</i>	<i>%</i>
1985 - 2000	27
2001 - 2007	45
2008 - 2013	28
Total	100
<i>N</i>	188

Sector-wise, the most popular ones are human rights (50%), education/employment (47%) and community development (43%). See Table 3.

Table 3 Sectors organizations have been active in during the last one year (multiple response)

<i>Sector</i>	<i>% of organizations mentioning the sector</i>
Human rights	50
Education/employment	47
Community development	43
Sports/youth issues	30
Environmental issues	28.5
Culture	28
Health issues	22.8
Charity/welfare	25
Gender issues	24.5
Economic development	19
Poverty	19
Childcare	18
Humanitarian aid	17
Business relations	13
Pensioners/elderly	8.5
Consumer interests	8.5
Democracy promotion, peace, international relations	8
Veterans/victims/refugees	7
Ethnic issues	5
Religious activities	3
Other	10
<i>N</i>	<i>188</i>

When asked about their organisation's primary activity, with multiple answers permitted, education, training, information dissemination and awareness raising activities are mentioned by most NGOs, as presented in Table 4.<sup>11</sup> However when asked to pick just one main activity, advocacy is mentioned most often, as Table 5 demonstrates.

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<sup>11</sup> These were also options on the top of the list in the questionnaire.

Table 4 Primary activities of organizations<sup>12</sup>

<i>Activity</i>	<i>%</i>
Education/training	65
Information dissemination/awareness raising	65
Advocacy	46
Service delivery	45
Research	42
Other activities	7
<i>N</i>	188

Table 5 Main activity of organizations (if more than one)<sup>13</sup>

<i>Activity</i>	<i>%</i>
Information dissemination/awareness raising	21
Education/training	20
Research	13
Service delivery	11.5
Advocacy	23
Other activities	11.5
Total	100
<i>N</i>	188

#### *Leadership and Leadership Change*

Most of NGOs surveyed (59%) are led by a male president; 38% have a female president, while 3% report having no president at all. The majority of NGO leaders are between 36-45 years old (29%) or older than 56 (25%). See Table 6 below. An average time for a president to hold his/her office is seven years (mean = 7.48, median = 7), about one-third of the organisations have presidents with track record of four years and less.

<sup>12</sup> The exact wording of the question: *What is your organization's primary activity? (Please, check all that apply.)*

<sup>13</sup> The exact wording of the question: *If you mentioned more than one option: which activity is the main one? (Please, choose from the list.)*

Table 6 The age of the organization's president

<i>Age category</i>	<i>%</i>
18-25	5
26-35	19
36-45	29
46-55	19.5
Older than 56	25
Non-existent	3
<i>N</i>	<i>188</i>

Most of the organisations have experienced a leadership change, as only 25.5% of organisations report their current president being the only president the organisation ever had. Thus our  $H_{01}$  is disproved and an alternative hypothesis is accepted: there has been more leadership change than we expected among the NGOs surveyed. This finding shows that the NGO sector has by and large overcome the ‘one person show’ problem, previously mentioned as one of the main obstacles to the development of a sustainable third sector.

#### *Organisational Capacity*

This paper focuses on organisational capacity in terms of personnel involved with the organisation. We use two measurements: number of paid staff and number of volunteers, to assess the organisational personnel resources of the NGOs.

Some 37% of organisations report having no paid staff, 26% report having one to five paid staff members, 22% have six to 20 paid staff members. There are few large organisations, as only 9% report having 30 and more staff, three organisations reported having more than 100 paid staff. The mean number of paid staff is 11, but the median is 3. See Table 7 below.

Table 7 Number of paid staff in organizations<sup>14</sup>

<i>Category</i>	<i>%</i>
0	37
1 - 5	26
6 - 20	22
21 - 30	6
31- 245	9
Total	100
<i>N</i>	188
Mean	11
Median	3

Most organisations report working with volunteers: 90% have at least one volunteer. Though the distribution ranges from one to 4,000; the mean is 58, the median is 8 (See Table 8). In addition to that 88% of NGOs report working with volunteers at least once during the past year as a type of activity.

Table 8 Number of volunteers in organizations<sup>15</sup>

<i>Category</i>	<i>%</i>
0	10
1-5	29
6-10	18
11-30	23
31-100	11
101-4000	9
Total	100
<i>N</i>	188
Mean	58
Median	8

#### *Ability to Attract Funding*

Some 55% of organizations report receiving a grant during the past year. Most organisations report receiving one (15%) or two (17%) grants. The mean is 1.6, the median is 1. Three organizations report receiving as many as 10, 11 and 12 grants respectively.

<sup>14</sup> The exact wording of the question: *The current number of paid-staff your organization has (both part-time and full-time).*

<sup>15</sup> The exact wording of the question: *The current number of volunteers your organization has.*

The remaining 45% received no grant in the past year, nevertheless they do maintain a certain level of activity, as our research team was able to find and contact them. This, in addition to the fact of leadership change, is another sign of higher institutionalization as compared to previous studies of Armenian NGO sector, which demonstrated that NGO functionality was directly related to their grant-making abilities.

Apart from grants, the main sources of funding for Armenian NGOs are social enterprises (30.3%) and financial donations (29.3%), while another 29.3% does not have any other source of funding.

Table 9 Other sources of funding<sup>16</sup>

	%
Membership fees	4
Social enterprise	30
Financial donations	29
No other sources	29
Commodity donations	20
Other sources	5
<i>N</i>	188

#### *Use of Social Media*

Most NGOs that were included in the study have websites (72%) and Facebook pages (65%), which is not surprising given the sampling strategy. At least a quarter of NGOs also uses other social media, such as Youtube and blogs. Table 10 summarizes the usage of communication tools among the respondents.

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<sup>16</sup> Exact wording of the question: *Apart from grants, what other sources of funding does your organization have?*

Table 10 Types of communication tools organizations use to promote their activities<sup>17</sup>

<i>Types of communication tools</i>	<i>%</i>
Website	72
Facebook	65
Email-list	36
Youtube	25
Blog	21
Google +	13
Twitter	11
Linkedin	10
Odnoklassniki	8
Vkontakte	4
Other	1
<i>N</i>	<i>188</i>

### **Testing the Relationship Hypotheses**

To test our hypothesis that relatively recently established organisations are likely to be different from older organisations, we ran a number of statistical tests with the year of establishment of the organisation as one of the test variables (Pearson correlation and T-test analysis done with the help of SPSS software). We do indeed find a number of organisational age related patterns and differences.

The correlations test has found a statistically significant negative relationship between the year of establishment and the number of presidents the organisation has had ( $r = - 0.306$ ,  $N = 188$ ,  $p < 0.01$  (2-tailed)). The older the organization is, the more leadership change it has experienced, which is intuitively logical but important to confirm in the light of the already mentioned earlier concern of the previous ‘one man show’ problem of Armenian NGO sector. The older organisations are also likely to have more paid staff ( $r = - 0.344$ ,  $N = 188$ ,  $p < 0.01$  (2-tailed)). The same relationship is observed regarding the number of volunteers organizations have: the older an NGO the more volunteers it has ( $r = - 0.072$ ,  $N = 188$ ,  $p < 0.01$ , (2-tailed)). Older organisations are also more successful in attracting grant funding: they report more grants received during the past year, as compared with younger organisations ( $r = - 0.157$ ,  $N = 188$ ,  $p < 0.01$ , (2-tailed)), although there is no statistically significant difference between older and younger organisations in having received at least one grant during the past year.<sup>18</sup> These four things taken together (more leadership change, more paid staff, more volunteers and more grants

<sup>17</sup> The exact wording of the question: *Which of the following types of modern communication tools does your organization use to promote itself and its activities, and share information about outputs etc.? (Please, check all that apply.)*

<sup>18</sup> The exact wording of the question in the questionnaire: *Has your organisation received a grant during the past year? Yes/No*

per year at older organisations) seems to suggest that older organisations that were included in the study are relatively more institutionalised as compared with younger organisations. See Table 11 for the details of the correlation analysis.

Table 11: Pearson correlations for organisational age, personnel and fundraising

		Year of establishment	No. of paid staff	No. of volunteers	No. of presidents before	
Year of establishment	Pearson's r (N)	1	-.344 (188)		-.306 (188)	
	Sig. (2-tailed)		.000		.000	
No. of paid staff	Pearson's r (N)	-.344 (188)	1	.274 (188)	.209 (188)	
	Sig. (2-tailed)	.000		.000	.004	
No. of volunteers	Pearson's r (N)		.274 (188)	1		
	Sig. (2-tailed)		.000			
No. of presidents before	Pearson's r (N)	-.306 (188)	.209 (188)		1	
	Sig. (2-tailed)	.000	.004			
No. of grants last year	Pearson's r (N)	-.157 (182)	.426 (182)		.158 (182)	
	Sig. (2-tailed)	.035	.000		.033	

Note: only statistically significant correlations are reported in the table.

However, younger organisations differ from older organisations in their use of internet and social media.<sup>19</sup> A T-test shows a statistically significant difference between NGOs who report having a website and those reporting having no website: older organisations are less likely to have a webpage whereas newer NGOs are more likely to have one ( $t(186) = -2.047, p < 0.05$ ). The same pattern is true for the use of Facebook ( $t(186) = 2.394, p < 0.05$ ). In terms of using e-mail lists as a communication means, T-test showed no significant difference.

There is no difference between older and younger NGOs in terms of their involvement in advocacy activity. Although advocacy seems to be a relatively new type of activity for the Armenian NGOs, the older NGOs (that were originally more focused on service provision) have by now included advocacy in their repertoire of activities and do not differ from younger NGOs in that respect. The similarity between old and new organisations also holds true for all other

<sup>19</sup> The exact wording of the question in the questionnaire: *Which of the following types of modern communication tools does your organization use to promote itself and its activities, and share information about outputs etc.?(please check all that apply)*

types of activities, measured through the survey (information dissemination, awareness raising, etc. See Table 4 above).

In our paper we also hypothesise that those organisations that are relatively older but have experienced a leadership change are different from the organisations that are older and are still run by their founding presidents. In our database there are 30 organisations established before 2005 and run by their first presidents and 88 organisations established before 2005 that have experienced a change of presidents. We have compared these two sets of organisations. These two groups do not differ in terms of numbers of paid staff or volunteers. They also do not differ in whether they have received a grant during the past year. They do, however, differ in the number of grants received during the past year: the organisations that have experienced a leadership change receive on average two grants, while those who are still run by their original presidents receive on average one grant. The T-test shows this difference to be significant ( $t(114) = 2.076, p < 0.05$ ). Chi-square shows no statistically significant differences between these two groups of NGOs in terms of their use of modern communication tools (website, Facebook and e-mail lists). There is also no difference in terms of involvement in advocacy, or in terms of any other types of activities that organisations report.

Overall, we find some support to our hypothesis in terms of difference between old and new NGOs. Old NGOs seem to have more organisational resources, while younger organisations are more prone to utilise websites and social media for their outreach purposes. We find almost no support for our assumption that old NGOs run by their establishing presidents are different from old NGOs that have undergone a leadership change. From the variables tested, the only difference was that NGOs that have experienced leadership change are able to attract more grants per year.

## **Conclusion**

Based on the survey data from 188 NGOs, we can conclude that the third sector has achieved a higher level of institutionalisation as compared to 2004 when the last comprehensive study of active NGOs was conducted in Armenia. In particular, most organisations have undergone a leadership change, which is a new development as compared to previous studies, where ‘one person show’ was listed among top problems of NGO sector and many NGOs would stop functioning should the founding leader depart. Thus, our first hypothesis ( $H_1$ ) is accepted: more than 50% (in fact some 75%) of NGOs have undergone a leadership change.

When comparing older and younger NGOs, we do observe statistically significant differences and those are in the directions hypothesised by  $H_2$  set of hypotheses: all three hypotheses are accepted. Younger organisations have lower organisational capacity in terms of less paid staff and less volunteers ( $H_{2.1}$ ); younger organisations are less successful in attracting funding ( $H_{2.2}$ ); younger organisations use social media more to promote their activities ( $H_{2.3}$ ).

When comparing organisations that have undergone leadership change with those that are still run by their founding members we find a difference only in regard to ability to attract

funding, and the difference is not in the direction we have hypothesised. Founding leader organisations receive less, not more grants as compared to organisations that have experienced a leadership change, while there is no difference in terms of organisational capacity and social media use. Thus our H<sub>3</sub> set of hypotheses is refuted.

### **Acknowledgements**

This paper is a result of a research project supported by a grant from the Academic Swiss Caucasus Net (ASCN) which has generously supported the core research activities as well as provided the team with methodological trainings and travel possibilities, including ISTR 2014 conference. We are grateful to our research project mentor Dr. Simone Baglioni for constant professional feedback and supervision of our work. We would also like to acknowledge the contribution of the Turpanjian Center for Policy Analysis research team. Without the work of Tatevik Badalyan, Bella Baghdasaryan, Anna Drnoyan, Arman Gasparyan, Angela Hassassian, and Nelli Minasyan, this research and the resulting paper would not be possible.

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