

Dealing with Excessive Regulation: Legitimacy Seeking by Russian Non-Profit Organizations

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Setting the Scene

- Legitimacy = organisational survival (Deephouse & Suchman, 2008; Dowling & Pfeffer, 1975; Suchman, 1995)
 - Seeking legitimacy is a routine organisational task (Ashforth & Gibbs, 1990)
 - Most studies discuss this at a theoretical rather than empirical level
 - The state a primary legitimizer has been neglected
 - Context matters for seeking primary legitimacy
 - Unconventional contexts key to develop new insight here (Bamberger & Pratt, 2010)

Setting the Scene

- Why Russia?
 - Frequent legislative changes with inconsistent enforcement
 - Excessive regulation (Yakovlev, 2006: 1048)
 - From state perspective excessive regulation provides:
 - Basis for infrastructural power (Mann, 1984)
 - Basis for selective punishment (Ledeneva, 2006, Sakwa, 2015)
 - Context require specific organisational response not well understood
 - How do Russian NPOs deal with excessive regulation

Setting the Scene – Literature

- Legitimacy requires organisation to exist in congruence with values and norms of context (Dowling & Pfeffer, 1975)
- We define legitimacy as: “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995: 574)
- Hence legitimacy seeking is an ongoing organisational task (Scott, 2001).

Setting the Scene – Literature

- Strategic perspective of seeking legitimacy (Ashford & Gibbs, 1990; Dowling & Pfeffer, 1975)
 - Under control of organisation and its decision makers
- Institutional perspective of seeking legitimacy (Scott, Ruef, Caronna, & Mendel, 2000)
 - Institutional context constrains organizational actions to seek legitimacy
- Legitimacy of sector and organisational legitimacy interdependent
 - Establishing, maintaining and defending routing task for organisations (Ashford & Gibbs, 1990)

Setting the Scene – Literature

- Institutional work literature:
 - Focus on changing institutional arrangement and seeking legitimacy from various stakeholders
 - Less attention to core archetype of legitimacy provided by state (Deephouse & Suchman, 2008)
- We argue that
 - In democratic context seeking primary legitimacy easy to routinize
 - In other contexts seeking legitimacy more complex task

The Russian Context

- Frequently changing regulatory environment
 - Challenge to certainty and security of primary legitimacy
- A context of excessive regulation for NPOs
 - Yakovlev (2006) frequent changes to legislative environment with only inconsistent enforcement
 - Increasingly frequent changes to legislative framework affecting NPOs directly (Daucé, 2015; Crotty et al., 2014; Ljubownikow & Crotty, 2014; Krasnopolskaya, Skokova, & Pape, 2015; Romanov & Iarskaia-Smirnova, 2015)
 - Legislative changes which affect NPOs indirectly (Lewis, 2013)

The Russian Context

- Legislative changes both encouraging and restricting NPO activities (Daucé, 2015; Krasnopolskaya, Skokova, & Pape, 2015; Ljubownikow & Crotty, 2015a)
- No coherent strategy vis-à-vis NPOs (Salamon, Benevolenski, & Jakobson, 2015)
 - NPOs might struggle to adopt a coherent strategy to seek primary legitimacy

The Research Study

- Qualitative study using an ethnographic approach
 - Study of organisational practices via observations
 - Interviews with organizational decision makers
- Regional (Perm and Samara) focused study of NPOs engaged in health care or health causes (hNPOs)
 - hNPOs were selected as matched pairs (engagement with same constituency/service user group)
- Data was coded inductively
 - Creation of case books
 - Use of a narrative inspired approach to present findings

Findings

- Key insights
 - Agreement that full compliance with all legislative requirements is impossible
 - To many and unclear changes
 - Engage in various legitimacy seeking activities
 - To offset lack of full compliance development of interlocking circles of legitimation
 - Key was developing ‘right’ personal connections
 - Using circles of legitimation to attain legitimacy seen as necessary for organisational survival

Findings

- Excessive Regulation
 - Regulatory environment seen as burdensome
 - Reporting requirements, volume of require documentation, constant risk of inspection
 - NPOs had difficulties understanding regulation and lacked resource to seek help
 - Never sure whether they are compliant
 - Build legitimacy in other ways

Findings

- Legitimation Work
 - Engage in a wide range of activities with state organs
 - Access to state is seen as key to attaining legitimacy
 - Working, collaborating, communicating, and co-producing is seen as attaining legitimacy in lieu of full regulatory compliance
 - Key challenge to legitimation work was the change of personnel in state structures.

Findings

- Legitimacy Deficits
 - Legitimation work vis-à-vis the state at the expense of legitimation work with other stakeholders and other similar NPOs
 - Atomization of NPOs
 - Some NPOs in study had gaps in their circles of legitimation
 - Other organisation got in first

Conclusion

- Seeking legitimacy is nothing new
 - Extensive legitimation work to attain primary legitimacy is lacking from the literature
 - Circles of legitimation are a response to excessive regulation
 - Both to establish and defend primary legitimacy
 - Using circles of legitimation to seek primary legitimacy ensure maintenance of institutional arrangements
- Lacking form any discourse is the acknowledgement by NPOs in this study of using legitimation work to institutionalise the sector (Zietsma & Lawrence, 2010).

Conclusion

- Although it seems that institutional context shapes NPO legitimation work, in this study organisations have responded strategically in operationalising relationships to develop circles of legitimation
- Limitations of our study
 - Different regions, method, type of NPO – different insights?
- Insight into how Russian NPOs navigate an excessive institutional context



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Any Questions?

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