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## **NONPROFIT ORGANIZATIONS IN THE MODERN SOCIAL SERVICE SYSTEM**

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**Abstract:** *In the article, the place and role of nonprofit organizations (NPOs) in the system of social services for the population have been analyzed. NPOs and community-focused nonprofit organizations (CF NPOs), as well as the main areas of their operation have been characterized with regard to the federal legislation of the Russian Federation. The main types of organizations that are part of the third sector of the Republic of Mordovia have been introduced. The operation of NPOs providing social services in the Republic of Mordovia has been analyzed, and the dynamics of their development have been reflected. The goals of NPOs in the republic, forms of social services for the population, and types of assistance and social services provided have been determined. The notion favorable environment in the system of social services for citizens has been defined. The peculiarities of social services as provided by NPOs in the republic have been analyzed. The features of the NPOs development in various regions of the Russian Federation have been singled out. The functions of NPOs and CF NPOs in the social development have been distinguished. The main areas in the development of this sector of social services have been shown. In order to improve the efficiency of NPOs and CF NPOs in the system of social services, the interaction of the state, business structures, and NPOs and CF NPOs, as well as the availability of the open information space have been emphasized.*

**Keywords:** *community-focused nonprofit organization, the third sector, charity, needy citizens, social protection, social policy, social service, register of social services providers.*

## INTRODUCTION

Federal Law No. 442-FZ dated December 28, 2013 *On the Basics of Social Services for Citizens in the Russian Federation* introduced in Russia contributed to an essentially new approach to organizing social services for citizens. Thus, according to the law, subjects of social support for the population include NPOs as well as CF NPOs that provide the population with various social services (Federal Law of the Russian Federation, 2013). NPOs are a kind of a connecting link between the state and society, and participate in various social, economic, cultural, and political transformations. Russian NPOs are most commonly classified into NPOs, CF NPOs, *the third sector*, NGOs (nongovernmental organizations and nonpublic organizations), and charitable organizations. At the same time, this sector unites both large organizations (for example, the Red Cross) and small groups founded, for example, to raise funds for a certain person.

While a NPO is an organization that does not aim at making a profit and does not distribute the profit earned among its participants (Federal law of the Russian Federation, 1996), CF NPOs are the organizations that aim at solving social problems and developing the civil society in the Russian Federation (Federal law of the Russian Federation, 2010). This activity is rather extended. It includes social protection and support for citizens, as well as assistance to victims of various disasters and natural hazards. At the same time, the prevention of deviant behavior, activities in education and health care, the development of the spiritual and moral state of the society, and charitable activities are of special focus. Modern conditions in regulating the area of social services provide nonstate suppliers with new opportunities and access to budget financing. However, the requirements for the quality and range of their services are improved. This proves the relevance of the problem under study.

The study aims at researching the role and place of NPOs in the system of social services for the population, assessing the demand for their services, and identifying the problems of using the potential of NPOs as providers of social services in the Russian Federation. The aim of the study determined the following tasks: 1. To analyze regulatory legal acts, scientific references and research considering the activities of NPOs related to social services provided to the population; 2. To describe the relevance and specificity of the activities performed by NPOs in social services provided in regions of the Russian Federation; 3. To identify problems and suggest ways to solve them by using the potential of NPOs as providers of social services.

## LITERATURE REVIEW

The active spread of nonpublic NPOs has been observed since the 1970s. Despite the current difficulties related to their unambiguous definition and features, it is necessary to note that researchers are interested in studying the so-called third sector based on these organizations. General issues of the demand for social services providers, including among NPOs, are the object of studies made by many foreign and Russian authors (Archambault, 2001; Hall, 2016; Huseynov, 2013; Hopkins, 1997; Kholostova, 2017; MacDonald & de Borms, 2008; Mersiyanova, 2016; Mersiyanova, 2017; Nemgirova, 2017; Reichard, 1988).

The role of NPOs and CF NPOs in the system of social services for citizens and solving social and economic problems is very important (Salomon & Anheier, 2005;

Palibina, 2017; Pennerstorfer, 2016; Rudnik, 2018; Perko, 2011; Salamon, 1999; Shumate, 2017; Zabolotnaya & Larionova, 2017; Zotov, 2020). Various methods are developed to assess the efficiency of NPOs (Kirschner, 2008; Zappala & Lyons, 2009; Willems et al., 2014; Mihaltan et al., 2015; Sanders et al., 2008; Tarkhanova, 2011; Volgunina, 2011; Topolev-Soldunov et al., 2019).

## METHODS AND MATERIALS

The methods of system analysis of regulatory legal documents and statistical data, as well as the comparative analysis of statutory documents of NPOs and CF NPOs of constituent entities of the Russian Federation were used to study the role and place of NPOs in the system of social services for the population and to assess the demand for their services.

## RESULTS

The *Concept for Long-Term Socio-Economic Development of the Russian Federation Until 2020* approved by Decree of the Government of the Russian Federation No. 1662-r dated November 17, 2008 was the first to state about the need to develop the NPO segment in the system of social services for the population. In particular, it noted about “the transformation of state and municipal institutions into the system of social protection, the provision of services to the elderly and disabled, into NPOs, and the creation of mechanisms to involve them on a competitive basis for fulfilling the state order for social services”. Due to the introduction of a number of regulatory legal acts, NPOs and CF NPOs obtain the state support in the area of social services provided to the population (Table 1).

**Table 1:** Forms of Support for NPOs and CF NPOs by State Authorities in Constituent Entities of the Russian Federation

Type of support	Regulatory act	Summary
Property support	Paragraph 3, Article 31.1 of the Law on Nonprofit Organizations	1. Allocation of subsidies to compensate for the rent and utilities expenses, change in rent preferences, and provision of subsidies on a competitive basis; 2. Formation and maintenance of the registry of the municipal property provided as property support for CF NPO
Financial support	Article 78.1 of the Budgetary Code of the Russian Federation	Special measures to expand the participation of CF NPOs in the provision of social services based on municipal orders, the creation of equal conditions for a provider of social services in various legal forms
Information support	in the version of Federal Law No. 449-FZ dated 19.12.2016	1. Free placement of social advertising and information messages of CF NPOs in the media financed by municipalities;

		2. Creation of a single municipal information center for NPOs' consulting and informing.
Regulatory support	Resolution of the Government of the Russian Federation dated No. 89 dated 26.01.2017 (version dated 10.03.2020) <i>On the Register of Nonprofit Organizations – Providers of Socially Useful Services</i>	Formation of the register of CF NPOs that obtain support
Support of other forms of charity that do not contradict the legislation of the Russian Federation	Paragraph 7 Article 18 of the Federal Law No. 135-FZ dated August 11, 1995 <i>On Charity and Charitable Organizations</i>	Contributing to charitable activities performed by citizens and organizations, as well as the development of voluntary services (volunteering).

At the same time, it is important to emphasize the fact that until recently the activities of NPOs and CF NPOs have been more developed in the area of medical or educational services than in the area of social services for the population. As such, Federal Law No. 323-FZ dated November 21, 2011 *On the Basics of Health Protection of Citizens in the Russian Federation* allows nonpublic organizations to participate in the prevention of diseases and the formation of healthy lifestyle, as well as the provision of medical services. According to Federal Law No. 273-FZ dated December 29, 2012 *On Education in the Russian Federation*, private educational organizations can provide educational services. Only the introduction of Federal Law No. 442-FZ dated December 28, 2013 *On the Basics of Social Services for Citizens in the Russian Federation* secured the right of NPOs and, to a greater extent, CF NPOs to provide the population with social services, and authorized them with functions of social service providers. In addition, NPOs obtained the opportunity to participate in tenders for the purchase of social services and the right to obtain budget subsidies.

It was the government support and the development of social legislation that contributed to the significant development of NPOs and CF NPOs in the area of social services. Thus, from 2011 to 2019 there had been positive dynamics in the development of the CF NPOs sector. During this period, their number had increased 1.4 times. By 2019, in total, there had been 140 thousand such NPOs. Besides, the number of employees in the nonprofit sector also increases: while in 2011 445 thousand people were employed in this sector, in 2019 there were 1,062 thousand people. During this period, the volume of government support for NPOs had increased. The total allocations of the federal budget for supporting CF NPOs had increased from RUB 4.8 bln in 2012 up to RUB 10.1 bln (RUB 859 mln from the Ministry of Economic Development) in 2019.

There is a similar situation in constituent entities of the Russian Federation. Since 2015, initially 75 constituent entities of the Russian Federation had started to develop support programs for CF NPOs (in 2011, there were 53 regions and only seven in 2010), and 55 constituent entities obtained subsidies from the federal budget for this purpose. In 2015, the work on providing social services in all constituent entities of the Russian Federation was completed. According to the monitoring carried out by the Public Chamber of the Russian Federation, as on October 18, 2015, 150 NPOs were included in 34 regions. During this period, the model for transferring services in the nonprofit sector was formed. It provided for reformatting state (municipal) institutions into nonprofit ones. Nowadays it is actively spread in regions, which raises concerns related to the

possible monopolization of the social services market by new NPOs – former public (municipal) institutions (Sabirova, 2019).

An important feature of the development of the NPOs providing social services in regions of Russia is their immature nature. Almost all of them were created in 2016 – 2017, but at the same time they proved themselves as responsible providers in the social services market. It is necessary to note the citizens' attention to NPOs, their desire and ability to use the services provided by such organizations. The comparative analysis of the activities of the NPOs registered as social service providers carried out by the authors by using the organizations' records and reports makes it possible to single out forms of social services and types of assistance provided.

The main goal of NPOs is to provide needy citizens with social services aimed at improving their living conditions while maintaining their stay in the favorable environment. In this case, the *favorable environment* is interpreted as the place of stay of needy citizens, which determines the form of service for NPOs – at home. The main founders are individuals. The range of the assistance provided to needy citizens is quite wide and includes the following social services: everyday, medical, psychological, pedagogical, labor, legal services, and services to improve the communicative potential of recipients of social services that have some life limits, including disabled children (social and rehabilitation measures in the area of social services, training in the use of care and technical means of rehabilitation, training in behavior skills in everyday life and in public and leisure places).

In 2019, CF NPOs provided 1,277.5 thousand people with the services related to social protection and social support. The highest rates of services provided to the population by CF NPOs are in the Krasnoyarsk Territory (503.0 thousand people), the Udmurt Republic (184.7 thousand people), St. Petersburg (126.0 thousand people), and the Novosibirsk region (79.5 thousand people) (Public Chamber of the Russian Federation, 2019). The specificity and demand for NPOs as providers of social services in Russian regions are characterized by the need in their services, because they make up the basis of the competitive mechanism for providing social assistance, and the social work with individual groups of citizens who need social services is performed. At the same time, it is not obligatory that all NPOs working in the social area should be registered as service providers. It is important for the state power to have competition in the market of social services. This will improve the quality of such, which is quite logical, because it is rather difficult to assess the quality of social services only in the state environment when there is no competition with independent structures. The specificity and relevance of NPOs as providers of social services are shown only in a competitive environment that generates the quality of services. The services provided in the state and nonstate network are compared.

## DISCUSSION

Nowadays NPOs and CF NPOs, along with state institutions of social protection, actively participate in the social services provided to citizens and occupy a special place in the system of social services by helping to solve social problems of the population. At the same time, according to the results of the study, in some regions NPOs and CF NPOs are discriminated against small and medium-sized businesses as providers of social services. In particular, NPOs cannot obtain loans on preferential terms or consultative



assistance. They are isolated from the extensive support infrastructure created in Russian regions for small and medium-sized businesses.

The main barriers in the operation of NPOs and CF NPOs include those related to the interaction with authorities, legislative barriers, mistrust of the population to organizations of the *third sector*, monopolism of commercial organizations affiliated with local authorities, unreasonably low tariffs for social services set in regions, complicated procedures for the participation in tenders for providing social services, the impossibility of depositing collateral for the participation in tenders, superfluous requirements for CF NPOs when they are registered as social services providers, and insufficient variety of types of social services.

## CONCLUSION

The study carried out in this article has made it possible to achieve the following results:

1. The realities of modern life are such that it is possible to improve social services only by developing the competition in this market segment, which is ensured through including nonprofit sector to social services along with state and municipal institutions. Unlike state structures of social services, NPOs have some advantages: efficiency and quick response to a problem, the use of new technologies of social work, targeting and individuality of the assistance, and the variety of services.

2. The activities of these organizations are based on the need of the state to efficiently protect the population from the unstable socio-economic development and to improve targeting of social assistance and support. However, since this system is still in its formation stage, the issue of improving its efficiency remains open. The authors believe that there are two possible ways: firstly, improving the mechanisms of interaction among the state, business structures, and NPOs and CF NPOs, which suggests the active social policy of cooperation, equal social partnership, and social investment; secondly, the open information space for covering the activities of NPOs and CF NPOs, including their involvement into problems of the society.

3. In order to prove the efficiency of CF NPOs participating in the provision of social services, it is necessary to strengthen the mechanisms of coordinating the activities of federal and regional authorities and local self-government bodies on developing the social services market with the involvement of NPOs; to provide methodological support for CF NPOs on the development of the social services market; to strengthen control over untimely transfer of financial means from the budgets within the obligations to NPOs in accordance with the concluded subsidies provision agreements; to improve the digitalization of NPOs that provide social services in the Republic of Mordovia and the possibility of providing information about activities and services online; to contribute to the development of competencies of the staff working in CF NPOs participating in the provision of social services, including by providing them with free access to professional development programs, participation in seminars, and trainings, including distantly.

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