

AN EMPIRICAL STUDY FOR THE FINANCIAL SITUATION OF YOUTH CSOs IN TRB1 REGION OF TURKEY

TRB1 Bölgesindeki Gençlik STK'larının Finansal Durumlarına Yönelik Ampirik Bir Çalışma

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Abstract

This study evaluates factors which influence financial capacity of Civil Society Organizations (CSOs) operating in TRB1 Region (Malatya, Elazığ, Bingöl and Tunceli) of Turkey. Because, although the need for CSO activity is higher in less developed regions, the presence of CSOs is more limited in these regions compared to more developed regions. On the other hand, CSOs with higher financial capacity can provide more qualified, effective and sustainable public goods and services in the areas and regions where public institutions and private sector organizations fail. In this sense, existing assumptions about the factors influencing financial capacity of CSOs are noted after reviewing theoretical and empirical studies in the literature. In order to test these assumptions by the sample of CSOs in TRB1 Region of Turkey, primary and secondary sources of data were used. Primary data was collected from a semi-structured and detailed survey research that was applied to organizational leaders (e.g., manager, director and youth representative) of 66 Youth CSOs that operate in the areas of youth, education and sport in TRB1 Region. In addition, secondary data was collected from the database of Directorate General of Relations with Civil Society under T.R. Ministry of Interior. Collected data was evaluated by descriptive statistical method to analyze relationships between dependent and independent

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variables. The research findings show that factors such as cooperation with external stakeholders, managerial competence and revenue sources have significant influence on the financial capacity of CSOs.

Keywords: financial capacity, TRB1 region, managerial competence, cooperation, revenue diversity, religious and ideological motivation.

JEL Codes: D73, D25, H40, H83, L30

Öz

Bu çalışma Türkiye'nin TRB1 Bölgesinde (Malatya, Elazığ, Bingöl ve Tunceli) faaliyet gösteren Sivil Toplum Kuruluşları'nın (STK'lar) finansal kapasitelerini etkileyen faktörlerin neler olduğunu araştırmaktadır. Çünkü, az gelişmiş bölgelerde STK faaliyetlerine duyulan ihtiyaç daha fazla olsa da bu bölgelerdeki STK varlığı gelişmiş bölgelere göre daha sınırlıdır. Diğer taraftan, finansal kapasitesi yüksek olan STK'lar, kamu kurumları ile özel sektör kuruluşlarının başarısız oldukları alanlarda ve bölgelerde daha kaliteli, etkili ve sürdürülebilir kamusal ürün ve hizmetler üretebilmektedir. Bu kapsamda, literatürde yer alan teorik ve ampirik çalışmalar incelenerek hangi faktörlerin STK'ların finansal kapasitesini etkilediğine dair varsayımlar not edilmiştir. Bu varsayımları Türkiye'nin TRB1 Malatya Bölgesindeki STK örneklemini ile test etmek için, birincil ve ikincil veriler kullanılmıştır. Birincil veriler, TRB1 Bölgesinde gençlik, eğitim ve spor alanlarında faaliyet gösteren 66 Gençlik STK'sının kurumsal liderlerine (yönetici, başkan, gençlik sorumlusu vb.) uygulanan yarı yapılandırılmış detaylı bir anket araştırmasından elde edilmiştir. Buna ek olarak, ikincil veriler T.C. İçişleri Bakanlığı'na bağlı olan Sivil Toplumla İlişkiler Genel Müdürlüğü'nün veri tabanından elde edilmiştir. Elde edilen veriler, betimleyici istatistiksel analiz yöntemiyle incelenerek bağımlı ve bağımsız değişkenler arasındaki ilişkiler analiz edilmiştir. Araştırma sonuçlarına göre, dış paydaşlarla işbirliği, dini ve ideolojik motivasyon, yönetsel yeterlik ve gelir kaynakları gibi faktörlerin STK'ların finansal kapasiteleri üzerinde önemli etkileri olduğu ortaya koyulmuştur.

Anahtar Kelimeler: finansal kapasite, TRB1 Bölgesi, yönetsel yeterlik, işbirliği, gelir çeşitliliği, dini ve ideolojik motivasyon.

JEL Kodları: D73; D25; H40; H83; L30.

1. Introduction

Recently, Civil Society Organizations (CSOs) have been increasing their role in the provision of public goods and services for people in

need within the social areas where public institutions and private sector organizations fail due to government and market failures (Banks and Hulme, 2012; Brass et al., 2018; Burger and Ownes, 2009; Despard et al., 2017). Government failure occurs when governments mainly focus on the demands of “median voter”, who composes the majority of the society so influences political power during the elections (Weisbrod, 1975). In order to be re-elected in the next elections, party(s) in power might have tendency to meet majority will rather than heterogeneous demand of different minority groups (Levitt, 1973). Therefore, CSOs appear to be better alternative in meeting demand of these groups in societies where heterogeneity and social diversity are higher (Garton, 2009:47; James and Rose-Ackerman, 1986:60). On the other hand, market failure mainly occurs due to “non-rival” and “non-excludable” features of public goods and services. Non-rivalry refers that these goods and services (e.g., majority of the public goods like public transportation and public infrastructure) are always available to all citizens no matter how many people consume or use them (Cooter and Ulen, 2000:15). Non-excludability means that it is costly or impossible to keep some citizens from consuming or using these goods or services (e.g., national defense system, public roads and parks) once they are produced or provided by a supplier (Steinberg, 2006:119). In addition to these features, “free-rider” problem is another factor that demotivates private sector organizations to provide public goods and services. This problem emerges as a result of rational behavior of consumers, who do not prefer to pay for public goods and services in order to maximize their utility (Olson, 1971:14-16). It is possible that some consumers will choose to pay for these goods and services, but they might be discouraged by the fear of bearing the cost of the “free-riders” (Garton, 2009: 48). The state can overcome free-rider problem through involuntary taxation as funding resource, but private sector organizations do not prefer to provide public goods and services since these organizations are mainly motivated by profit-making. Once again, CSOs are better alternative in the provision of public goods and services in the case of market failure, because CSOs do not seek profit. Moreover, they are more trustworthy due to their focus on public benefit, social service and quality for people in need (Fowler, 2000; Gronbjerg, 1993; Hackler and Saxton, 2007; Hansmann, 1987; Mitchell, 2014).

In his voluntary failure theory, Salamon (1987:39-42) argues that CSOs also fail to meet demand for public goods and services in four cases. The first one is “philanthropic insufficiency” that occurs when CSOs cannot attract or find sufficient financial resources to provide public goods and services due to free-rider problem, economic crises, and serious gaps in geographical coverage (Salamon, 1987:39-40). For instance, people are not able to contribute to the financial resources of CSOs in poorer regions. Secondly, “philanthropic particularism” is caused by focusing on some particular goods and services that attract more resources. However, this particularism, or favoritism can result in uneven representation of “all segments of the community equally”, and “wasteful duplication” of some public goods and services (Salamon, 1987:41). Thirdly, “philanthropic amateurism” results in poor quality of public goods and services because of amateur approaches of voluntary workers to cope with human problems (Salamon, 1987:42). These workers are motivated by voluntary and collective actions that encourage entrepreneurship and political participation of people. Nevertheless, it is beneficial to support voluntary workers by full-time, paid, qualified and experienced workers, but CSOs cannot always attract these workers due to limited amount of financial capacity that is necessary to provide sufficient wages (Salamon, 1987:42). “Philanthropic paternalism” is the final case that occurs when activities of CSOs are directed by some specific members who have “time”, “money” and “knowledge” to influence these activities (Salamon, 1987:41). For instance, CSOs can focus on the areas of arts, sports, or culture that are demanded by wealthier members, while demand of poorer members might be ignored.

This study mainly evaluates philanthropic insufficiency through the investigation of financial capacity of Youth CSOs in TRB1 Region of Turkey (Malatya, Elazığ, Bingöl and Tunceli).¹ In the literature, most of

1 Turkey adopted Nomenclature of Territorial Units for Statistics (NUTS) to adapt European Union’s regional classifications. There are 12 regions under NUTS-1 level which is also divided into 26 Subregions under NUTS-2 level, and NUTS-2 level is divided into 81 provinces of Turkey under NUTS-3 level. TRB1 Region is a NUTS-2 level region under Central East Anatolia Region (TRB), and it includes the following NUTS-3 level provinces: Malatya, Elazığ, Bingöl and Tunceli. The list of NUTS-1 (regional), NUTS-2 (subregional) and NUTS-3 (provincial) statistical regions is available online. Retrieved March 27, 2019, from https://infogalactic.com/info/NUTS_of_Turkey

the empirical research have been made for CSOs in developed countries. Yet, it is also necessary to understand and evaluate the financial capacity of CSOs in developing and under-developed countries in which financial and human resources for CSOs are insufficient, and social problems are most severe (Salamon, 1987:39-40). There are some reasons for choosing Turkey for regional analysis. Firstly, Turkey has a unique culture and history of foundations (waqfs) that are inherited from the periods of Great Seljuks Empire and Ottoman Empire. Philanthropy has always been core concept until recently, because it promoted voluntary transfer and share of wealth from rich to poor people by foundations like mosque, madrasah, Islamic tomb and monastery in the past since Great Seljuks Empire (Odabaşı, 2015). Turkey could hardly experience the increasing role of modern CSOs only after 1980s due to challenges such as historical and traditional tension between strong state and weak civil society (Heper, 1985), weak liberal tradition, economic crises, and military coups.

Secondly, the significance and influence of CSOs in terms of numbers, revenues, members and activities has been increasing in Turkey as a result of some developments since 2000s like beginning of negotiations for the membership to the European Union in 2005 (Keyman and İçduygu, 2005), democratization process and integration with international economy (Ayhan et al., 2016). Even then development of civil society was interrupted by some major challenges such as 2008 global financial crisis, Gezi Parkı protests in 2013, and failed coup attempt on 15 July 2016 (Ayhan, 2018:54). However, the significance and influence of CSOs are still increasing because civil society in Turkey has become **less fragile** to social, economic, and political crises by learning from unpleasant experiences in history.

Thirdly, governance approach, which takes civil society as the third sector in addition to public and private sectors, has started to influence not only developed countries but also developing countries since 1970s. This approach is based on three-dimensional partnership, because governance refers to a complex system, network of relationships between these three actors, and interaction between them (Özer, 2006:67; Uçar and Akman, 2019:526). International organizations like International Monetary Fund (IMF), World Bank (WB), and Organization for Economic Co-operation and Development (OECD) have been pressuring

countries to apply this approach in their countries. Turkey has also been influenced by this coercion since 1980s when radical changes were implemented in line with neoliberal policies by Turgut Özal as Prime Minister between 1983 and 1989, because Turkish economy has integrated to international economy by liberal reforms during his time (Ayhan et al., 2016:64).

Finally, CSOs are diverse in Turkey, because they act in different areas (e.g., humanitarian aid, education, sports, youth and culture), operate at national, international or global levels, provide public goods and services for different segments of society (e.g., minorities, immigrants and disable people), and differentiate in terms of organizational capacity and performance. In addition, each region of Turkey has different local conditions due to differences such as education level, per capita income, social capital, culture, ethnicity, and socio-economic development. Therefore, regional analysis of CSOs in TRB1 Region might contribute to civil society literature in Turkey, because findings and discussions of this study is expected to be beneficial for scholars, public institutions, CSO managers, and funders of CSOs (e.g., individuals, private sector organizations, and other non-public organizations) in understanding which factors influence the financial capacity of CSOs in Turkey, and which policies are necessary to increase it.

1.1. Problem Statement

The research problem of this study is to understand why CSOs differ greatly in terms of financial capacity in TRB1 region of Turkey, because financial capacity influences the quality, quantity, sustainability, accessibility and efficiency of public goods and services that are provided by CSOs for the people in need.

In the literature, there are some factors that influence financial capacity of CSOs; revenue sources, managerial competence, religious and ideological motivation, and cooperation with external actors. There are different theoretical and empirical studies from diverse fields, and these studies provide partial, overlapping, contradicting, or parallel but significant explanations for differentiation in financial capacity of CSOs. For instance, interdependence theory states that income from public institutions increases the partnership between CSOs and public sector,

while resource dependence theory claims that excessive dependence on income from public institutions can result in resource dependence that can damage the autonomy of CSOs (Banks and Hulme, 2012; Hudock, 1995; Cho and Gillespie, 2006; Lu, 2009), and concentration on few number of revenue sources can increase their financial vulnerability (Tuckman and Chang, 1991). On the other hand, managerial competence can increase financial capacity of CSOs (Tuckman and Chang, 1991; Sontag-Padilla et al., 2012), because experienced and qualified managers can; reallocate financial resources efficiently, pursue organization's mission and goals, react to opportunities, crises and threats effectively, and increase fund-raising activities (Önder and Köylü, 2018).

1.2. The Aim of the Study

The main of this study is to put forward factors which influence the financial capacity of CSOs in Turkey. In this sense, it firstly determines research question that is consistent with the aim of the study in the methodology part. Afterwards, empirical and theoretical studies are reviewed to find out which independent variables are considered to have influence on the financial capacity of CSOs. Indicators of dependent and independent variables are also explained. Then, the study indicates unit of analysis, data collection and analysis method. In the findings and discussions part, collected data is analyzed by descriptive statistical method to reach general assumptions about the factors influencing financial capacity of Youth CSOs in TRB1 Region of Turkey. The final part of the study, namely conclusions part, covers a short summary of the study, policy recommendations, and suggestions for future research.

2. Methodology

This part covers research question, dependent and independent variables, unit of analysis, data collection and analysis method.

2.1. Research Question

This study seeks explanations for the question of "Which factors influence financial capacity of CSOs?"

This question has a significant explanatory power to reveal relationships between dependent and independent variables.

2.2. Dependent and Independent Variables

In this part, dependent and independent variables, which are derived from theoretical and empirical studies in the literature, are explained.

2.2.1. Dependent Variable

Financial Capacity

Financial capacity is the dependent variable that have three main indicators: annual budget, the number of paid workers, the number of physical and technological facilities. Financial capacity is very essential for CSOs, because they need financial resources to pursue their mission and achieve organizational goals (Sontag-Padilla et al., 2012:2). In addition, Tuckman and Chang (1991:446) explains that financial capacity of CSOs is important because of the factors such as growth and influence of CSOs, their impact on employment, reduction of cost of service offering, supporting diverse ideas and alternative delivery modes for public services, and satisfying minority demands for public goods.

Annual budget is very essential for organizational performance and mission. Therefore, CSO managers seek to increase fund-raising activities and to reallocate financial resources in order to sustain their organizational mission (Sontag-Padilla et al., 2012:2). In addition, Bowman (2011:94) also states that an organization must be sustainable in the short and long run by providing adequate cash, otherwise, the quantity and quality of its services can decrease. Hence, sustainable revenue sources are very essential for CSOs, but some CSOs cannot ensure sustainability and diversity of revenue sources. Accordingly, their financial capacity is not sufficient to react effectively against external and internal challenges. On the other hand, the number of paid workers, and the number of physical and technological facilities are other indicators of financial capacity of CSOs, because higher numbers of these indicators for a CSO means that this organization has sufficient financial capacity to employ paid workers, and to have physical (e.g., exhibition area, clubhouse, conference room, and student dormitory) (Bryan, 2018; Boyne, 2003) and technological (e.g., internet, computer, and website) facilities (Bikmen and Meydanoglu, 2006; Doherty et al., 2013; De Vita and Fleming, 2001).

2.2.2. Independent Variables

Revenue Sources

CSOs use many revenue sources to pursue their organizational mission and goals. Therefore, the amount, diversity and sustainability of these sources are essential for the financial capacity of CSOs. For instance, Chikoto et al. (2015:10) evaluate 13 revenue sources in his analysis (direct public support, indirect public support, government grants, membership dues, program service revenue, interest and savings, dividends, other investment income, net rental income, net gain on sale, net income from special events, net profit from selling inventory, and other revenue) in order to measure financial capacity and financial volatility of CSOs. On the other hand, Salamon and Anheier (1998:219) evaluate three revenue sources to find out revenue structure of the CSOs in 8 countries (Hungary, Italy, Sweden, Japan, Germany, the UK, France and the USA): private fees and payments, public sector payments, and private donations.

In the literature, there are many studies arguing that revenue concentration on limited number of revenue sources can cause uncertainty for CSOs (Despard et al., 2017; Hudock, 1995; Watkins et al., 2012), threatens their autonomy (Banks and Hulme, 2012; Elbers and Schulpen, 2013; Wallace et al., 2006), and results in financial vulnerability (Tuckman and Chang, 1991). Moreover, Tevel et al. (2015: 2502) and Gronbjerg (1993) argue that financial vulnerability can result in “organization’s susceptibility to financial problems”, and CSOs cannot pursue their mission and organizational goals. Therefore, CSOs should diversify their revenue sources in the long run (Fowler, 2000; Mitchell, 2014), and avoid from revenue concentration (Frumkin and Keating, 2011; Keating et al., 2005). Therefore, the number of revenue sources is very important for financial capacity of CSOs. Similarly, Malatesta and Smith (2014) also argue that the higher level of resource dependence on single sources from single providers might decrease autonomy of the receiver, because the receiver might adapt to interests and requirements of the providers. In contrast, Lu et al. (2019:604) evaluated 23 empirical and theoretical studies in the literature, and found that revenue concentration does not necessarily decrease financial health, or financial capacity of CSOs. He argues that revenue concentration can be beneficial to decrease financial vulnerability. It might possible that focusing on few revenue

sources that are more sustainable can be a better strategy during social, economic or political crises.

In this study, revenue diversification of Youth CSOs in TRB1 Region is found by Hirschman-Herfindahl Index (HHI) that was used by Tuckman and Chang (1991) to find out revenue concentration of CSOs.

Managerial Competence

Managerial competence is an important indicator of financial capacity (Tuckman and Chang, 1991; Sontag-Padilla et al., 2012), because experienced and qualified workers (e.g., director, manager, voluntary and paid workers) are able to reallocate financial resources efficiently; pursue organization's mission and goals; react to opportunities, crises and threats effectively; and increase fund-raising activities (Önder and Köylü, 2018). In this study, managerial competence is measured through education level of workers (e.g., PhD, master, bachelor, or high school), experience of workers (total years as paid and voluntary worker), and project skills of CSOs (e.g., project writing techniques, and running project, the number of project in last 5 years). For instance, experience of workers (the time they spent in the organization) is an essential part of human capital, because it has potential to increase worker's value and their performance (Judge et al., 1995; Nafukho et al., 2004). Similarly, McDaniel et al. (1988) also state that the level of experience and performance are directly related. Moreover, experienced workers can develop project skills in writing a project and running it. Finally, education level is also an important indicator of human capital, so it has also potential to increase performance of human resources in CSOs (Önder, 2006).

Religious and Ideological Motivation

Theoretical and empirical findings prove that religious and ideological motivation has a positive effect on the financial capacity of CSOs. For instance, James (1987:404) states:

“Universally, religious groups are the major founders of nonprofit service institutions. We see this in the origins of many private schools and voluntary hospitals in the US and England, Catholic schools in France and Austria, missionary activities in developing countries, services provided by Muslim waqfs [religious trusts] and so on.”

It can be said that especially religious groups are very influential in forming a new CSO and controlling it to gain more donations, belie-

vers and members. Furthermore, especially religious people are mainly motivated to give their time and money to the people in need, because they believe that they are obliged to do this by the rules of the Creator in many religions. In addition, Anheier (2005) argues that people are more engaged in religion in some cases such as “critical life situations” and “situations of special need”. Therefore, social entrepreneurs of CSOs are motivated to benefit from these situations, and provide goods and services related to religion or ideology (e.g., giving messages like “salvation” and “equality”). Moreover, Rose-Ackerman (1996: 724) empirically found that CSOs that operate with ideological motivation can attract money and customers, which is very essential for their financial capacity. Similarly, it was found that religious organizations received the highest percent of (60%) household giving in the USA (Rose-Ackerman, 1996: 703). Finally, Salamon and Anheier (1998: 221) states that religious competition increases the size of civil society sector in healthcare and education sectors, because religious CSOs compete to attract more adherents by providing goods and services in these sectors.

Cooperation with External Actors

Empirical and theoretical studies show that cooperation with external actors is very essential for the organizational capacity of CSOs (Bikmen and Meydanoglu, 2006; Doherty et al. 2013; The Marguerite Casey Foundation, 2012). This cooperation can be with different external stakeholders, but this study focuses on three indicators: cooperation with CSOs, cooperation with public institutions (local and central), and cooperation with private sector organizations. As resource dependence theory claims, CSOs have open and adaptive systems that interact with other external actors, and they sometimes are not able to generate some resources internally by themselves (Aldrich and Pfeffer, 1976). Therefore, they need to generate their sources from their external environment (Pfeffer and Salancik, 1978). For instance, interdependence theory suggests that CSOs and public institutions are partners rather than opponents, because both of these actors have some weaknesses and strengths. Similarly, Salamon (1987:29) suggests that CSOs “receive more of their income from government than from any other single source”. Furthermore, The Marguerite Casey Foundation (2012) claims that cooperation with private sector organizations shows adaptive capacity of CSOs, because it means that they can adapt internal and external

changes. Donations, or sponsorship of private sector organizations are also essential revenue sources for CSOs. Finally, Charity Commission (2003: 2) in England focuses on cooperation among CSO in its empirical research, which shows that there is a collaboration between 22% of charities currently, and 5% charities were established as a result of merging between different charities due to some main reasons such as “sharing knowledge”, “joint service delivery”, and “sharing resources to increase efficiency”. Therefore, CSOs might increase their financial capacity and cooperate with external stakeholders in order to overcome problems such as irregularity of production, fund-raising and lack of resources.

2.3. Unit of Analysis

The influence of different factors on the financial capacity of CSOs is evaluated by the data from a survey research that were applied to official Youth CSO representatives (e.g., director, member, manager, and youth leaders) in TRB1 Region of Turkey. The reason of choosing ‘organization’ (N=66) as unit of analysis is to make an in-depth analysis by focusing on a specific area of activity, because these CSOs mainly operate in the areas of youth, sport, and education. Moreover, these CSOs mainly have dynamic organizational structures, because their target audience is young people. Therefore, they must be very active in the field to provide necessary goods and services for the need of youth.

2.4. Data Collection

Multiple sources of data were used in order to reveal relationships between dependent and independent variables. Primary data was collected from a semi-structured and detailed survey research that was applied to organizational leaders (e.g., manager, director and youth representative) of 66 Youth CSOs (N=66), which operate in the areas of youth, education and sport in TRB1 Region, between November 2017 and November 2018. These CSOs were randomly selected from the database of T.R. Turkish Ministry of Youth and Sports. In the selection process of Youth CSOs, the following criterion was determined: being active in the field by providing goods and services for the youth in areas of education and sport. In addition, secondary data was collected from the database of Directorate General of Relations with Civil Society under T.R. Ministry of Interior.

2.5. Analysis Method

The variables were operationalized by different methods such as HHI (Hirschman-Herfindahl Index) for revenue concentration, and other related statistical techniques in order to convert raw data into testable and measurable values. Operationalized data was evaluated by descriptive statistical method to analyze relationships between dependent and independent variables.

3. Findings and Discussions

This part of the study covers data analysis, findings and discussions. The relationships between dependent and independent variables were statistically tested. The distribution of the sample of the study (N=66) by CSO type in TRB1 Region of Turkey are presented in Table 1.

Table 1: Sample of the Study by CSO Type in TRB1 Region

CSO Type	Bingöl	Elazığ	Malatya	Tunceli	TRB1 Region
Associations	12.1%	36.4%	21.2%	9.1%	78.8%
Foundations	3.3%	3.0%	7.6%	1.5%	15.4%
Unions	-	-	-	-	-
Others (federations, or assemblies)	-	5.8%	-	-	5.8%
TOTAL	15.4%	45.2%	28.8%	10.6%	100.0%

Source: Survey Data (2018)

The sample of the study includes 78.8% associations, 15.4% foundations, and 5.8% others. There is no union within the sample. In total, 66 Youth CSOs (N=66) attended survey research. 10 CSOs were from Bingöl, 30 CSOs were from Elazığ, 19 CSOs were from Malatya, and 7 CSOs were from Tunceli.

3.1. Financial Capacity

Dependent variable of the financial capacity has three indicators: annual budget, the number of paid workers, and the number of physical and technological facilities. In order to find out the level of annual budget CSO representatives were asked the following question: "How much annual budget was used by your organization in 2017?". The statistical calculations of these answers are indicated in Table 2.

Table 2: Annual Budget of Youth CSOs in 2017

Budget in TL (Turkish Lira)	Frequency	Percent	Cumulative Percent
0-50.000,00	25	37.9%	37.9%
51.000,00-100.000,00	11	16.7%	54.5%
101.000,00-250.000,00	20	30.3%	84.8%
251.000,00-500.000,00	10	15.1%	100.0%
TOTAL	66	100.0%	

Source: Survey Data (2018)

When the data in Table 2 is evaluated, 37.9% of the participants said that they needed an annual budget less than 50.000,00 TL in 2017, while 16.7% of them claimed a budget between 50.000,01 TL and 100.000,00 TL, 30.3% of them claimed a budget between 100.000,01 TL and 250.000,00 TL. Only 15.1% of the participants claimed that they needed a budget between 250.000,01 TL and 500.000,00 TL. Therefore, more than 50.0% percent of Youth CSOs in TRB1 Region needed less than 100.000,00 TL in 2017. In this sense, it can be argued that most of the Youth CSOs in this region have low level of annual budget. That means, their financial capacity seems weak in terms of annual budget.

Table 3: Number of Paid Workers of Youth CSOs

The Number of Workers	Frequency	Percent	Cumulative Percent
None	46	69.7%	69.7%
1-4	11	16.6%	86.3%
5-9	4	6.1%	92.4%
10-14	4	6.1%	98.5%
15-20	1	1.5%	100.0%
TOTAL	66	100.0%	

Source: Survey Data (2018)

In order to collect data about the number of paid workers of Youth CSOs in TRB1 Region of Turkey, participants were asked the following question: "How many (both full-time and part-time) paid workers do your organization have?". Table 3 displays the frequency of the number of paid workers of Youth CSOs in TRB1 Region of Turkey. The data shows that almost 70.0% of the CSOs do not have paid workers in their organizations. On the other hand, 16.6% of CSOs said that they have

between the numbers of 1-4 paid workers, while 6.1% said 5-9 paid workers, 6.1% said 10-14 paid workers, and only 1.5% said 15-20 paid workers. It is obvious that CSOs mostly operate through voluntary action, so they mainly employ voluntary workers. However, it might be beneficial to support these workers with paid and full time professional workers, because voluntary workers are not always available to work full capacity due to professional skills, financial concerns, and amateur approached to complicated issues.

In the survey research, the participants were also asked the following (Yes/No) question: "Which of the physical and technological facilities do you have?". These facilities are listed below:

technological facilities

- *internet connection*
- *computer/laptop*
- *computer network*
- *projector*
- *website*
- *others*

physical facilities

- *sanctuary*
- *exhibition area*
- *cultural center*
- *day care center*
- *clubhouse*
- *classroom*
- *conference room*
- *student dorm*
- *other physical facilities*

Table 4 displays the frequency of the number of physical and technological facilities of Youth CSOs in TRB1 Region of Turkey. The data shows that almost 50.0% of the CSOs do not have any physical facilities. Since these are Youth CSOS, they mostly have classroom, conference room and clubhouse. The rest of the CSOs claimed that they have physical facilities from the number of 1 to 5. On the other hand, these CSOs make an impression that they are better in having technological facilities. Only 4.5% of these CSOs state that they do not have any of technological

facilities that are listed above, and almost 50.0% of these CSOs have the number of 1 to 4 facilities. And the rest of these CSOs have the number of 5 to 6 facilities. It seems that CSOs are better in having technological facilities than physical facilities.

Table 4 Number of Physical and Technological Facilities of Youth CSOs

PHYSICAL FACILITIES			
The Number of Physical Facilities	Frequency	Percent	Cumulative Percent
None	31	47.0%	47.0%
1	12	18.2%	65.2%
2	13	19.7%	84.8%
3	7	10.6%	95.5%
4	2	3.0%	98.5%
5	1	1.5%	100.0%
TECHNOLOGICAL FACILITIES			
The Number of Technological Facilities	Frequency	Percent	Cumulative Percent
None	3	4.5%	4.5%
1	3	4.5%	9.1%
2	5	7.6%	16.7%
3	11	16.7%	33.3%
4	10	15.2%	48.5%
5-6	34	51.5%	100.0%

Source: Survey Data (2018)

It is important to have required technological and physical facilities to provide public goods and services for the youth, and to attract them to the activities of CSOs. Therefore, CSOs should especially use the opportunities of new technologies (e.g., computer, internet, YouTube, Twitter, and Facebook). In addition to this, these CSOs should provide physical facilities that are necessary to continue operations of CSOs.

3.2. Revenue Sources

In order to find out which revenue sources that Youth CSOs use, the participants were asked the following question: "Please indicate the percent of the revenue sources that your organization receives". The percentage of the following revenue sources are equal to 100.0% in total: revenues from income generating activities, membership fees, revenues from central public institutions, revenues from local public institutions,

voluntary donations, revenues from national non-public organizations, revenues from international non-public organizations.

Table 5 displays the percentage of the revenue sources of Youth CSOs in TRB1 region. The data shows that majority of the Youth CSOs uses voluntary donations and membership fees as main sources of income, so their revenues are concentrated on limited number of revenue sources. It is possible that these sources are sustainable and available for CSOs most of the time. For instance, 87.9% of the participants claimed that they do not have revenues from income generating activities. Similarly, 95.5% of these participants also stated that they do not have revenues from international non-public organizations. In contrast, 60.6% of the participants said that their organization receives at least 20.0% of their revenues from voluntary donations. Furthermore, 51.5% of the participants told that their organization receives at least 20.0% of their revenues from membership fees.

Table 5: Percentages of the Revenue Sources in Total Revenue within the Youth CSOs

Revenues from Income Generating Activities	Percentages of Revenue Sources	Frequency	Percent	Cumulative Percent
	None		58	87.9%
%1-20		6	9.1%	97.0%
%41-60		1	1.5%	98.5%
%61-80		1	1.5%	100.0%
Membership Revenues	Percentages of Revenue Sources	Frequency	Percent	Cumulative Percent
	None	11	16.7%	16.7%
	%1-20	21	31.8%	48.5%
	%21-40	5	7.6%	56.1%
	%41-60	11	16.7%	72.7%
	%61-80	9	13.6%	86.4%
	%81-100	9	13.6%	100.0%
Revenues from Central Public Institutions	Percentages of Revenue Sources	Frequency	Percent	Cumulative Percent
	None	45	68.2%	68.2%
	%1-20	12	18.2%	86.4%
	%21-40	4	6.1%	92.4%
	%61-80	2	3.0%	95.5%
	%81-100	3	4.5%	100.0%

Revenues from Local Public Institutions	Percentages of Revenue Sources	Frequency	Percent	Cumulative Percent
	None	54	81.8%	81.8%
	%1-20	8	12.1%	93.9%
	%21-40	3	4.5%	98.5%
	%61-80	1	1.5%	100.0%
Voluntary Donations	Percentages of Revenue Sources	Frequency	Percent	Cumulative Percent
	None	11	16.7%	16.7%
	%1-20	15	22.7%	39.4%
	%21-40	15	22.7%	62.1%
	%41-60	8	12.1%	74.2%
	%61-80	8	12.1%	86.4%
%81-100	9	13.6%	100.0%	
Revenues from National Non-Public Organizations	Percentages of Revenue Sources	Frequency	Percent	Cumulative Percent
	None	60	90.9%	90.9%
	%1-20	4	6.1%	97.0%
	%61-80	1	1.5%	98.5%
	%81-100	1	1.5%	100.0%
Revenues from International Non-Public Organizations	Percentages of Revenue Sources	Frequency	Percent	Cumulative Percent
	None	63	95.5%	95.5%
	%1-20	2	3.0%	98.5%
	%21-40	1	1.5%	100.0%
TOTAL		66	100,0	100.0

Source: Survey Data (2018)

It is also important to make more detailed statistical calculations to find out whether these CSOs concentrate on limited number of revenue sources or they focus on revenue diversification. In this sense, revenue diversification of Youth CSOs in TRB1 Region is found by Hirschman-Herfindahl Index (HHI) that was used by Tuckman and Chang (1991) to find out revenue concentration of CSOs. Revenue concentration was calculated by the following formula:

$$\text{Revenue Diversification Index for NGOs} = \sum [(R_i/100)^2 \dots (R_j/100)^2]$$

In this formula, the squares of the proportions of total revenue that each revenue stream ($R_1 \dots R_j$) represents are summed. By using this formula, revenue concentration for each Youth CSO in TRB1 region

was calculated. After that the values from 0,00 to 0,49 are considered as revenue diversity because of receiving equally divided revenue sources, while values from 0.50 and 1.00 are considered as higher revenue concentration.

Table 6: Revenue Concentration Indexes of Youth CSOs

Index Scores	Bingöl	Elazığ	Malatya	Tunceli	TRB1 Region
Values between 0.00 and 0.49	4.5%	4.5%	9.1%	4.5%	22.7%
Values between 0.50 and 1.00	10.6%	40.9%	19.7%	6.1%	77.3%
TOTAL	15.2%	45.5%	28.8%	10.6%	100.0%

Source: Survey Data (2018)

Table 6 displays the revenue concentration index of Youth CSOs in TRB1 region. The data illustrates that 77.3% of the CSOs are concentrated on the limited number of revenue sources, while only 22.7% of them have equally divided revenue sources. Lu et al. (2019: 605) argue that “if nonprofits attempt to both reduce financial vulnerability and enhance financial capacity, some sort of concentration might turn out to be a more appropriate revenue strategy”. That means, diversity of revenue sources does not necessarily decrease financial vulnerability, and in some cases revenue concentration can be beneficial to decrease financial vulnerability. However, Youth CSOs in TRB1 region has lower financial capacity, so it can be said that revenue concentration has negative effect on their financial capacity. Therefore, they need to diversify their revenue source in the long-run despite the fact that they might focus on few revenue sources such as membership fees and voluntary donations, because these revenue sources might be the only available sources during cases like social, economic and political crises.

3.3. Managerial Competence

Managerial competence of Youth CSOs in TRB1 region was evaluated through three indicators: education level of organizational leaders, voluntary and paid experience of organizational leaders, and project skills of CSOs. Table 7 displays the education level of organizational leaders in Youth CSOs.

Table 7: Education Level of Organizational Leaders in Youth CSOs

Education Level	Frequency	Percent	Cumulative Percent
High School	15	22.7%	22.7%
Bachelor	35	53.0%	75.8%
Master	14	21.2%	97.0%
PhD	2	3.0%	100.0%
TOTAL	66	100.0%	

Source: Survey Data (2018)

Data shows that 53.0% of the participants (e.g., organizational leaders like manager, youth representative, or administrator) holds a bachelor degree, while 21.2% of them holds master degree, 22.7% of them holds high school degree. Only 3.0% of the participants claimed that they hold PhD degree, but it is still considerable. However, we contacted only one representative of each CSO, so it might more beneficial to contact all organizational leaders of each CSO to make a more comprehensive analysis in the future. But still, the education level of these participants is high, because majority of them holds a bachelor or a higher degree. Therefore, it can be said that organizational leaders of Youth CSOs in TRB1 region are qualified.

Table 8: Voluntary and Paid Experience of Organizational Leaders of Youth CSOs

Experience as Paid Worker			
Years	Frequency	Percent	Cumulative Percent
None	45	68.2%	68.2%
1-5 years	7	10.6%	78.8%
6-10 years	9	13.6%	92.4%
11-15 years	4	6.1%	98.5%
16 years and more	1	1.5%	100.0%
TOTAL	66	100.0%	
Experience as Voluntary Worker			
Years	Frequency	Percent	Cumulative Percent
None	18	27.3%	27.3%
1-5 years	28	42.4%	69.7%
6-10 years	13	19.7%	89.4%
11-15 years	7	10.6%	100.0%
16 years and more	-	-	-
TOTAL	66	100.0%	

Source: Survey Data (2018)

Table 8 illustrates the experience of organizational leaders as paid and voluntary worker in CSOs. According to data, 68.2% of these leaders do

not have any experience as paid worker. Their experience as paid worker is mainly concentrated between 1 and 10 years, while only 7.6% of these leaders have the experience between 11 years and more. On the other hand, experience of these leaders as voluntary worker is higher, because 42.4% of the participants stated that they have experience between 1 and 5 years, while 19.7% of them has experience between 6 and 10 years, and 10.6% has experience between 11 and 15 years. There were no participants who claimed to have experience as voluntary worker for 16 years and more. As argued before, CSOs mainly operate through voluntary action, so it is normal that people work in these organizations as voluntary workers. However, it is beneficial to support voluntary workers by full-time, paid, qualified and experienced workers, but CSOs cannot always attract these workers due to limited amount of financial capacity that is necessary to provide sufficient wages (Salamon, 1987:42). It is clear that majority of the workers in Youth CSOs in TRB1 region work as voluntary worker. This is also in line with the previous findings above that are related to the numbers of paid workers in these CSOs, because the data shows that these CSOs has less number of paid workers in general. Therefore, it can be claimed that financial capacity and experience as paid workers is directly related.

Table 9: Project Writing Type of Youth CSOs

Project Writing Type	Frequency	Percent	Cumulative Percent
"We write it by ourselves"	53	80.3%	80.3%
"We get support from experts"	7	10.6%	90.9%
"We get support from our umbrella organization"	6	9.1%	100.0%
TOTAL	66	100.0%	

Source: Survey Data (2018)

Revenues from projects are essential for CSOs, because they provide necessary financial resources to spend for workers in projects, equipment, travel expenses, advertising activities and hiring facilities like conference rooms, or sports halls. Therefore, project revenues are beneficial for the financial capacity of the CSOs. However, majority of the CSOs are not aware of this fact, and they apply for project calls by amateur approach, so their projects are mainly rejected. These CSOs do not employ an expert, or consult a professional project writer. They mainly prefer to write a project by their amateur voluntary workers, so

they often fail. Data in Table 9 also shows that 80.3% of Youth CSOs in TRB1 region writes their projects by themselves, while only 10.6% of them gets support from experts, and 9.1% of them gets support from their umbrella organization (e.g., federations and assemblies). In this sense, it can be said that project writing skills of these CSOs are directly related to their financial capacity. Therefore, these CSOs should necessary train their workers about project writing in the long-run, while they can still get support from experts in the short-run.

3.4. Religious and Ideological Motivation

In the literature, there are studies that focus on the relationships between financial capacity and religious/ideological motivation (Anheier, 2005; James, 1987; Rose-Ackerman, 1996; Salamon and Anheier, 1998). Therefore, we collected data from the database of Directorate General of Relations with Civil Society that belong to T.R. Ministry of Interior. In the calculations, data for the number of 2.356 associations in 2017 was used. In determining the percentage of religious and ideological associations in the total number of associations, the classification of Directorate General of Relations with Civil Society was used. According to this classification there are associations that are grouped under associations for social values, humanitarian aid, individual learning, social development, religious affairs, and ideology.

Table 10: Percent of Religious and Ideological Associations in the Total Number of Associations (2017)

	The Number of Religious & Ideological Associations	Total Number of Associations	Percent of Religious & Ideological Associations
Bingöl	66	328	20.12%
Elazığ	252	786	32.06%
Malatya	236	1.125	20.98%
Tunceli	33	117	28.21%
TRB1 Region	587	2.356	Average 24.92%

Source: Directorate General of Relations with Civil Society (<https://www.siviltoplum.gov.tr/dernek-sayilari>)

Data illustrates that only 24.92% of the associations have religious and ideological motivation in TRB1 region. Therefore, this situation

partly explains why financial capacity of these CSOs is low, because religious and ideological motivation has high potentials to attract more voluntary donations, members, supporters and believers. However, this type of motivation is not enough to strengthen financial capacity, there are other factors that are also significant like managerial competence, revenue sources and cooperation with external stakeholders. Moreover, there is a problem of categorizing for CSOs under “associations for religion, ideology, or social values” by T.R. Directorate General of Relations with Civil Society for CSOs, because it is possible that CSOs under other categories (e.g., associations for sport, or occupation) can also have religious or ideological motivation. Therefore, future research can focus on a further and more comprehensive analysis of CSOs with ideological or religious motivation under different categories.

Cooperation with External Stakeholders

This part of the study covers cooperation of CSOs with external actors: other CSOs, public institutions, and private sector organizations. It was already argued that there are many studies pointing out the importance of cooperation with other external actors for the survival of an organization, because it increases financial and organizational capacity (Aldrich and Pfeffer, 1976; Bikmen and Meydanoğlu, 2006; Doherty et al. 2013; Salamon, 1987; The Marguerite Casey Foundation, 2012).

Table 11: Cooperation of Youth CSOs with Other CSOs

Cooperation with Local CSOs			
	Frequency	Percent	Cumulative Percent
Yes	59	89.4%	89.4%
No	7	10.6%	100.0%
TOTAL	66	100.0%	
Cooperation with National CSOs			
	Frequency	Percent	Cumulative Percent
Yes	43	65.2%	65.2%
No	23	34.8%	100.0%
TOTAL	66	100.0%	
Cooperation with International CSOs			
	Frequency	Percent	Cumulative Percent
Yes	18	27.3%	27.3%
No	48	72.7%	100.0%
TOTAL	66	100.0%	

Source: Survey Data (2018)

Table 11 illustrates the cooperation of Youth CSOs in TRB1 region with other local, national, or international CSOs. According to data, 89.4% of participants claimed that they are cooperation with other local CSOs, while 65.2% of them stated that they cooperate with national CSOs. On the other hand, only 27.2% of the participants said that they cooperate with international CSOs. Therefore, the cooperation between CSOs is high at local and national level, but the cooperation is very low at the international level. This shows that the organizational and financial capacity of Youth CSOs in TRB1 region is not sufficient to operate at international level.

Table 12 shows cooperation of Youth CSOs with public institutions. According to data, 60.6% of the participants claimed that they cooperate with central public institutions, while this rate is higher in the case of cooperation with local public institutions by 75.8%. Therefore, it can be said that these Youth CSOs have high level of cooperation with public institutions. As interdependence theory suggests, CSOs are not alternative for the state, they are rather partners for the state, because they are compensating their weaknesses, and CSOs “receive more of their income from government than from any other single source” (Salamon, 1987: 29).

Table 12: Cooperation of Youth CSOs with Public Institutions

Cooperation with Central Public Institutions			
	Frequency	Percent	Cumulative Percent
Yes	40	60.6%	60.6%
No	26	39.4%	100.0%
TOTAL	66	100.0%	
Cooperation with Local Public Institutions			
	Frequency	Percent	Cumulative Percent
Yes	50	75.8%	75.8%
No	16	24.2%	100.0%
TOTAL	66	100.0%	

Source: Survey Data (2018)

Table 13 illustrates the cooperation of Youth CSOs in TRB1 region with private sector organizations in the case of sponsorship. According to data, only 25.8% of participants told that they cooperate with private

sector organizations. In addition, donations of private sector organizations are essential revenue sources for CSOs. On the other hand, CSOs also needs facilities of private sector organizations such as conference hall, technological tools, or consultation. Therefore, cooperation between CSOs and private sector organizations is significant. However, it seems that cooperation of Youth CSOs with private sector organizations in TRB1 region is not very strong.

Table 13: Cooperation of Youth CSOs with Private Sector Organizations

	Frequency	Percent	Cumulative Percent
Yes	17	25.8%	25.8%
No	49	74.2%	100.0%
TOTAL	66	100.0%	

Source: Survey Data (2018)

4. Conclusions

This study evaluated the factors influencing financial capacity of Youth CSOs operating in TRB1 Region (Malatya, Elazığ, Bingöl and Tunceli) of Turkey. Therefore, this study sought explanations for the research question of understanding “Why CSOs differ greatly in terms of financial capacity?” in TRB1 region of Turkey, because CSOs with higher financial capacity can provide more qualified, effective and sustainable public goods and services in the areas and regions where public institutions and private sector organizations fail. In this sense, the literature was reviewed to find out assumptions about the following factors influencing financial capacity of CSOs: revenue concentration, managerial competence (education and experience of organizational leaders, project writing skills), religious and ideological motivation, cooperation with external stakeholders (CSOs, public institutions, and private sector organizations). In order to test relationships between these factors and financial capacity of Youth CSOs in TRB1 region, primary and secondary data was analyzed by descriptive statistical method. The primary data was collected from a semi-structured and detailed survey research that was applied to organizational leaders (e.g., manager, director and youth representative) of 66 Youth CSOs operating in the areas of youth, education and sport in TRB1 Region. In addition, secondary

data was collected from the database of Directorate General of Relations with Civil Society under T.R. Ministry of Interior.

The research findings show that factors such as cooperation with external stakeholders, managerial competence and revenue sources have significant influence on the financial capacity of Youth CSOs in TRB1 Region of Turkey. Based on these findings, this study also provides policy recommendations for policy-makers, CSO managers, public institutions, and funders (e.g., individuals, private sector organizations, and other non-public organizations) that are interested in building and strengthening financial capacity of CSOs in the provision of quality, quantity, sustainable, accessible and efficient public goods and services. Moreover, it also gives suggestions for scholars in their future research, because limitations and findings of this study can be developed in the future research for CSOs in Turkey.

4.1. Policy Recommendations

Youth CSOs in TRB1 region might strategically diversify their revenue sources in the long-run, although they might focus on few number of revenue sources, which are more available and sustainable during some cases like social, economic and political crises, in the short run. The findings show that 77.3% of Youth CSOs in TRB1 region are concentrated on the limited number of revenue sources such as membership fees and voluntary donations, while only 22.7% of them have equally divided revenue sources. It was found that these CSOs have lower financial capacity, so it can be said that revenue concentration has negative effect on their financial capacity. Therefore, CSO managers can focus on revenue diversification in the long run.

Public institutions and non-public funders (e.g., individuals, private sector organizations, and larger associations that provide assistance for smaller CSOs) can provide more physical and technological support for CSOs in poorer regions like provinces in TRB1 region. In poorer regions financial and human resources for CSOs are insufficient, per capita income is low, and social problems are most severe.

CSO managers can focus on supporting voluntary workers by professional, paid and full-time workers. The findings show that Youth CSOs in TRB1 region have less number of paid workers in general. Moreover, the experience of organizational leaders is mainly based on volunteering rather

than professional and paid experience. In this sense, it can be claimed that financial capacity and number of paid workers is directly related.

The education level of organizational leader in Youth CSOs in TRB1 region is high, therefore, it is necessary to manage this potential by providing special training programs such as project management, fund-raising, strategic management, and public relations. These programs can either be provided either by CSOs, public institutions, or non-public organizations that support CSOs.

New legislation is necessary to increase cooperation of CSOs with external stakeholders. Firstly, public institutions might fail to meet heterogeneous and diverse demands of minorities for public goods and services in TRB1 region where social diversity is high. CSOs are more advantageous to meet these demands, so local and central public institutions should increase their cooperation and support for CSOs. Secondly, policy makers can encourage cooperation between CSOs and private sector organizations by creating new legislation such as tax exemption for private sector organizations in the case of supporting a civil society projects (e.g., social responsibility, humanitarian aid, and protection of rights). Finally, CSOs have open and adaptive systems that interact with other external actors, and they sometimes are not able to generate some resources internally by themselves. Therefore, it is necessary for CSOs to cooperate with other CSOs in sharing experience, running a project, or benefiting from technological and physical facilities.

CSOs can find better human and financial resources if the public awareness on functions, opportunities and benefits of CSOs is increased. For example, career in civil society can be encouraged, if public institutions and private sector organizations require experience in civil society (e.g., volunteering and social projects) as a condition for job applications. In addition, policy-makers can increase public awareness by opening new courses, bachelor and graduate programs in subjects related to civil society at educational institutions. Moreover, visibility of CSOs in public sphere can also be increased by cooperation of public institutions with CSOs for social projects, or programs.

4.2. Limitations of the Study and Suggestions for Future Research

Although theoretical and empirical studies in other countries show that religious and ideological motivation has positive influence on financial capacity

of CSOs, no relation was found in the case of Youth CSOs in TRB1 region. It was probably due to problem of categorizing for CSOs under “associations for religion, ideology, or social values” by Directorate General of Relations with Civil Society for CSOs, because it is possible that CSOs under other categories (e.g., associations for sport, or occupation) can also have religious or ideological motivation. Therefore, future research can focus on a further and more comprehensive analysis of CSOs with ideological or religious motivation under different categories.

It is a limitation of this study that the survey research could only be applied to only one of the organizational leaders of each Youth CSO (e.g., director, member, manager, and youth leaders) in TRB1 region, but the statistical results might change when data on the experience of all organizational leaders in each CSO can result in another implication. Therefore, *the future research can focus on re-evaluating experience of organizational leaders with a larger sample that includes all organizational leaders in each CSO.*

CSOs are diverse in Turkey, because they act in different areas (e.g., humanitarian aid, education, sports, youth and culture), operate at national, international or global levels, provide public goods and services for different segments of society (e.g., minorities, immigrants and disable people), and differentiate in terms of financial capacity. The study has a special focus on CSOs carrying out activities for youth, sport, and education, therefore, the scope of the study is mainly valid for CSOs in these areas. *The future research can evaluate the financial capacity of CSOs operating in other areas throughout Turkey.*

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