

Under pressure: organisational responses in the changing civic space of Hungary

Krisztina Túry^{a*}

^aLilly Family School of Philanthropy, Indiana University, Indianapolis, USA;

* Correspondence: Indiana University Lilly Family School of Philanthropy, University Hall, Suite 3000, 301 University Blvd., Indianapolis, IN 46202, USA

Email: ktury@iu.edu

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Existing research on civil societies in restricted environments predominantly focuses on advocacy organisations. Scholars typically analyse how states control the civic space, the justifications they use and the impact of their measures on independent civic action. Thus, we know very little about how service-providing organisations respond to the restrictions, despite growing recognition of their democratizing potential. This paper explores how different levels and layers of government affect organisational response in an environment where pressure is more informal than formal. Building on Oliver's (1991) framework, and utilising a qualitative research design, this study examines how three types of service-providing nonprofits that operate in the politically sensitive fields related to immigrants, LGBTQ or drug affected populations manoeuvre the restrictions in Hungary. I argue that local mayors can be effective in both mitigating and adding to the pressure. The presence of a supranational actor – the European Union – is beneficial, especially when it provides direct funding to organisations. Most service-providing nonprofits do engage in some form of resistance, at times even beyond their specific issue areas. Importantly, this sample shows that service-providing organisations less dependent on the government turn towards the riskier path of advocacy, changing even their organisational profile.

Keywords: civil society; organisational response; government; Hungary, shrinking space

Introduction

Nonprofit organizations have been restricted by governments in a variety of ways and in all types of political regimes in recent decades (Carothers & Brechenmacher, 2014; Anheier et al., 2019). These measures can take many forms ranging from softer methods such as administrative restrictions, constraining spaces of dialogue, or stigmatization to criminalization, and even physical harassment (Van der Borgh & Terwindt, 2012). Although most of these restrictions take place in authoritarian or hybrid regimes, lately civil sectors of strong democracies are affected as well (Simsa, 2019; Dupuy et al.,

2021). Scholars refer to this phenomenon as the “shrinking,” “closing,” or more recently the “changing space” for civil society and they have explored it from multiple point of views. They have examined the types of restrictions (Gershman & Allen, 2006; Rutzen, 2015), causes behind the constraints (Christensen & Weinstein, 2013; Dupuy et al., 2016), and the impact on the independence of civil society among others (Toepler et al. 2020; Herrold, 2016; Skokova et al., 2018). By now, they have documented the coping strategies of organisations to some extent as well, but mostly in the case of the more political or claims-making NGOs (Tysiachniouk et al., 2018; Hsu, 2010; Spires, 2011; Moser & Skripchenko, 2018).

Governments - by definition - are at the center of attention in the ‘shrinking space’ literature as the actors imposing the restrictions on civil society. Nonetheless, only a small set of studies emphasize that they are not unitary entities (eg. Hsu, 2010; Spires, 2011; Skokova et al., 2018). The purpose of this paper is to explore the implications of the fragmented nature of governments on NGOs in a setting where formal restrictions are not enforced, yet informal pressure is high. Specifically, this research examines how different layers and levels of government actors can exert or mitigate pressure on civil society organisations in Hungary. In addition to depicting the type of government actors and the specific means they use to restrict nonprofits or help them work around the restrictions, the paper focuses on nonprofit organisational responses and on factors that may influence them. It asks whether dependence on the government, the degree of constituent multiplicity and the nature of pressure (formal or informal) has predictive impact. Utilizing a qualitative research design, this research builds on Oliver’s seminal framework that combines institutional theory and resource dependency to explain organizational response to institutional pressure. Based on 19 interviews with leaders of 11 organizations, it analyses how three types of service-providing nonprofits that operate in the politically sensitive fields related to immigrants, LGBTQ or drug affected populations manoeuvre the pressures.

This paper contributes to the literature by analysing a case that is theoretically relevant for two reasons. First, nonprofits in Hungary operate under an extra layer of governance as the European Union has legal control over the Hungarian government in certain matters. The withdrawal of the infamous ‘lex NGO’ after the Court of Justice of the European Union decision is an example of this control. Second, in most previously examined contexts, formal pressures are just as relevant as informal ones, and they are

strictly enforced. Existing literature predominantly focuses on cases where formal restrictions are strictly implemented, thus organisations have much less room to maneuver. Hungary is an interesting case in which legal regulations are mostly unenforced ‘communication panels,’ (Interview 11), providing a background that makes informal pressures more effective. Though Viktor Orbán’s regime has long been the icon of the illiberal movement in the international media, particularly due to the country’s presence in the European Union (EU) and the regime’s constant tightrope walking to minimize critical voices but to keep the benefits of its EU membership, it has barely been studied in the ‘shrinking space’ literature. Thus, this article will add a more nuanced perspective on the complex environment and opportunities of nonprofit organisations in hybrid political regimes.

Finally, this research enhances the emerging conversation about the democratization role of service-providing nonprofits. As a few scholars have recently pointed out, service-delivering organisations in restricted regimes do contribute to the democratization potential of civil society even if in less visible ways (Herrold, 2020; Brass, 2021). Providing services in politically sensitive fields based on values that differ from the prevailing ideology of the state is in and of itself an act of resistance. Finding new ways to operate in an environment where it is deliberately made harder contributes to pluralism in service delivery, a value closely linked to democracy. Thus, gaining a deeper understanding of the responses of service-providing organisations to the formal and informal restrictions is a must, if we want to assess the resilience of once established democracies that are backsliding towards more autocratic practices.

Materials and methods

Theoretical framework

Institutional and resource dependence theories both agree that in order to survive, organisations need to respond to external demands (Meyer et al., 1983; Pfeffer & Salancik, 1978). Organisational choices, however, are constrained by a variety of external pressures. The resource dependence perspective emphasizes that organisations face multiple and often conflicting demands from those in their environment who control scarce resources (Oliver, 1991). Institutional theorists focus on the role of rules, beliefs, and norms, and those who shape and enforce them. Oliver’s (1991) contribution lies in combining the two perspectives into a predictive framework for organisational

responses to external pressures. She differentiates five types of strategic responses, ranging from passivity to active resistance: acquiesce, compromise, avoid, defy, manipulate. Acquiesce refers to conscious or unconscious adherence to prescribed rules or norms. Compromise is partial conformity, while avoidance is nonconformity in disguise which can take the form of escape as well. Defiance is an active form of resistance, and it manifests in the outright dismissal, challenge, or attack of the pressure. Manipulate is the most active response and it seeks to change or seize power over the pressures or the source of the pressure.

Oliver posits that organisational responses depend on five factors: 1. cause (why is the organisation being pressured), 2. constituents (who is exerting the pressure), 3. content (what these pressures are), 4. control (how or by what means are these pressures exerted), 5. context (the environment in which the pressures occur). There are two predictive dimensions for each factor. Regarding cause, the social legitimacy and economic efficiency of the pressures matter. In terms of constituents, multiplicity and dependence on them are key. For content, its consistency with organizational goals and the discretionary constraints the pressure forces on the organisation that are important. Regarding control, Oliver emphasizes legal coercion and voluntary diffusion of the norms within the field, while for context, she considers the uncertainty and the interconnectedness of the environment.

To fulfil the research objective of this paper and examine how organisations respond to the formal and informal pressure exerted (or mitigated) by different levels of government, I will focus on two factors: constituents and control. In any research focusing on nonprofit organisations' responses in restricted environments, it is clear that the state is one of the key constituents and no organization can avoid calculating with the government's attitude towards them when deciding their strategies. Thus, the level of dependence on the government is expected to be highly important in determining organisational response. Although Oliver does not explicitly mention it, dependence and multiplicity are clearly not independent of each other. For instance, if an organisation has multiple constituents which are willing to support its work, it can decrease its dependence on the state – a nonprofit may forgo state funding if they know that there are others funders available who are ready to jump on board. Thus, in the nonprofit world multiplicity can increase resistance for another reason that Oliver hypothesized; not because multiple demands make it difficult to acquiesce but because the availability

of further sources of support allows the organization to resist an undesirable pressure. Dependence, however, can come in many forms: some organizations can risk having a hostile relationship with the state, while others may not need state funding but need the state's approval to run their programs. Therefore, in this research I expect to see:

(1) Greater level of compliance among organizations which are highly dependent on the state, either for funding or because they run programs that need the state's approval and cannot operate informally.

(2) I expect to see more resistant strategies in organisations that have multiple constituents, as long as those constituents can support the organization financially, or the organization can afford to operate without significant levels of funding.

Regarding control, Oliver proposes two predictive dimensions: legal coercion and voluntary diffusion of the institutional norm. For the purposes of this paper, I adapt these two dimensions to refer to the formal and informal pressures the government exerts on civil society. Following Oliver, one could expect that the lower the degree of formal or informal pressure, the greater the likelihood of organisational resistance. Since the restrictions affecting civil society are barely enforced in Hungary, the general expectation is that nonprofits in the region should engage in more resistance than their peers in more strictly restricted countries. It is important to note, however, that the two types of pressures do not go hand in hand. An organisation may face low levels of formal pressure (eg. they do not have the level of foreign funding that would require them to register as a 'foreign-funded organisation'), yet they may be at the heart of informal governmental attacks. Similarly, high levels of formal pressure can be mitigated by informal channels – an organisation might be formally affected by the restricting regulation but as a valued partner of the government, they may understand that the 'foreign-funded' label will do them no harm.

Literature review: organisational responses in restricted civic spaces

The majority of studies about restricted civil societies examine the strategies and justifications states use, the impact of the restrictions and how they reshape civic action. A smaller set of the literature analyses the strategic responses of affected organisations and their efforts to manoeuvre the shrinking space, predominantly focusing on claims-making organisations (Syal et al., 2021; Toepler et al., 2020). These pieces, however, overwhelmingly explore regions where restrictions are harsh and strictly implemented

(Swiney, 2019). Thus, we know little about the responses of service-providing organisations, especially in environments where repression is more informal than formal. The influence of specific factors that determine organisational response has not yet received systematic attention either. The government is undoubtedly a key actor that shapes the environment of non-profit organisations (Dupuy et al., 2015). However, the government is not unitary, and its fragmented nature has implications for the strategic responses nonprofits choose (Spires 2011; Skokova et al., 2018). This is where this study contributes to the literature by analysing how the different levels and layers of government, the organisations' dependence on them and the availability of other constituents shape the response of service-providing organisations in Hungary. Unlike previous studies, the Hungarian case also allows us to consider a supranational layer – the European Union – and its consequences.

Nonprofit organisations are challenged in different continents and regions, and they respond to these pressures in a variety of ways. However, their responses seem to fall within a typology offered by Tysiachniouk et al. based on a Russian sample (2018), and this typology clearly corresponds to Oliver's framework. Tysiachniouk et al. (2018) observed four different survival strategies that environmental NGOs pursued to respond to the 'foreign agent' law in Russia: compliance (acquiescence in Oliver's framework), simulation (avoidance), informalisation (avoidance), and diversification (also avoidance). No organisation in their sample disbanded without continuing their work in some other form, and they did not find more open form of resistant strategies such as defiance or manipulation either. Compliance refers to following state requirements precisely while simulation happens when organizations only seemingly conform. Informalisation means that the organization rejects formal relations with the state and continues its work informally, without a legal registration. Diversification refers to the practice when an NGO creates formally independent organisations to fulfil different purposes such as registering a for-profit organization to raise foreign funding.

The four categories described above seem to emerge in other countries as well. Noakes and Teets (2018) in China, for instance, found that the adaptation strategies of international NGOs (INGOs) are closer to compliance than one might expect. INGOs in their sample changed their operations in three ways: either started to focus on policymakers rather than citizens, turned to working with local governments on policy experimentation as their main method of advocacy, and mitigated legal risks for

instance by partnering only with registered grassroots organisations. Dupuy et al. (2015) in Ethiopia observed that human rights organisations which survived the law against foreign-funded organisations either ‘rebranded’ their activities (a form of simulation) or abandoned working on proscribed issues (compliance). Giving up the politically problematic work of advocacy and turning to the safer path of service-provision is a frequent pattern in several countries (Fransen et al., 2021; Toepler et al., 2020). Herrold (2016) described that Egyptian human rights organisations registered as law firms or created other for-profit entities to be able to continue their work. Fu (2017) examined underground labor organisations in China and uncovered a new form of organised contention, termed “disguised collective action.” To avoid direct confrontation between the organisation and the state, Chinese activists coach citizens to make rights claims individually and independently, thus the organisation remains semi-hidden while challenges authorities at the same time. Finally, disbanding is a strategy as well that was observed in multiple cases, especially under the most severe forms of repression (Dupuy et al., 2015; Fransen et al., 2020).

A few studies explored how organisations navigate the restricted space by strategically utilising the fragmented nature of government. The attitude of local government officials is clearly influential (Skokova et al., 2018; Spires, 2011). Spires (2011), for instance, argues that illegal grassroots organisations survive in the authoritarian context of China due to a “contingent symbiosis” with local governments. The symbiosis is a result of two factors: fragmented governance and policy enforcement which leaves some discretion for local officials, and mutual suspicion and mutual need. As long as illegal organisations focus on social needs and refrain from democratic claims-making while allowing that the credit for their work is often taken by local government officials, they are allowed to operate; though always under the threat of being disciplined or closed down. Similarly, Tadesse and Steen (2019) find that Ethiopian nonprofits increase their autonomy by building strong relationships with state actors who can mitigate the strict control. Syal et al. (Syal et al., 2021) emphasise that much of organisational agency has been overlooked and they urge that we move away from a simplistic understanding of co-optation. They claim that organisations shape their roles by collaborative relations with the government. The nature of collaboration is determined through ‘interplay at the level of individual state agencies and CSOs, based

on mutual perceptions, diverse organization-level considerations and actions, and evolving relations' (Syal et al., 2021, p. 795).

Context: the shrinking civic space in Hungary

Hungary is an interesting and relevant case for a study on organisational responses in restricted environments for at least two reasons. First, due to its role in the fall of the Berlin Wall and as the homeland of philanthropist George Soros, the newly democratized country received more (per capita) external funding than its peers in the region during the early 1990s. By today, the Hungarian nonprofit sector is significant even by Western standards. Its income level exceeded 5 percent of the GDP; employment in the sector is 3.4 percent, and it has approximately 61 000 registered nonprofits for its population of 9.7 million (Central Statistical Office, 2020). Second, despite the recent anti-democratic developments, the country is still a member of the European Union, a community which is founded on democratic principles and has legal means to protect them. Thus, one could expect that Hungarian nonprofits are better equipped to resist the shrinking of their space than many of their peers in more restrictive parts of the world.

The environment for the Hungarian civil society started to change profoundly after the electoral victory of the FIDESZ party (Fiatal Demokraták Szövetsége – Union of Young Democrats) and its ally, the KDNP (Keresztény Demokraták Szövetsége – Union of Christian Democrats) in 2010. The newly elected government decided to rethink the relationship between the civil sector and the state, emphasising the service-providing function of the sector and the primacy of the government to lead the cooperation based on its own values. The new 'Civil Law' changed the criteria for nonprofit organizations to receive public benefit status (Sebestyén, 2017). The state funding system for the nonprofit sector – called 'National Fund for Cooperation' – became much more centralised where representatives of civil society organisations are dominated by government-appointed officials. In public communications, government officials started to differentiate 'good' and 'bad' civil society organisations and actors. The former group refers to organisations that primarily provide services or represent the values of the governing parties. The latter group means individuals or organisations that "meddle in politics" such as human rights defenders, anti-corruption watchdogs, organizations that promote values that differ from those of the governing parties,

particularly in the issues of gender, LGBT, immigration, Roma rights, and drug policy. This group is accused of representing foreign interests, mostly on the account that many of them receive funding from Soros's Open Society Foundation.

The space for civil society has been more severely restricted in the most recent years. In 2014, the government attempted to cease the distribution of the Norway Grants NGO Fund, one of the most important sources of international funding available to Hungarian civil society (Index, 2014). The police even raided the office of the Ökotárs and Demnet Foundations, two of the four Hungarian nonprofits that administer the distribution of these funds. In the spring of 2017, a law ("Lex NGO") directly stigmatizing nonprofits receiving foreign funding was enacted as well (Nyilas, 2017). Organisations who had received more than 7.2 million HUF (approx. US \$23.000) had to register as 'foreign-funded organisations' and use this label on their communication materials beyond other requirements. This regulation eventually was withdrawn in the spring of 2021, after the Court of the European Union had declared it incompatible with the laws of the Union (Hvg.hu, 2021). The government, however, immediately proposed a new law requiring a yearly audit of every organisation exceeding 20 million HUF (approx. \$64.000).

Since the FIDESZ-KDNP's last, overwhelming electoral victory in 2018, Prime Minister Viktor Orbán has accelerated the creation of an 'illiberal state.' In April, the Figyelő Magazine listed names of academics and human rights defenders as 'The Speculator's People,' referring to the government's narrative against the influence of George Soros (Index, 2018). In June, the Seventh Amendment to the Fundamental Law and the 'STOP-Soros' bill was adopted (Dull, 2018). The former dealt with the issue of immigration and the purview of the European Union in the matter, expanded governmental control over the courts, criminalized homelessness and emphasized the protection of Christian culture. The 'Stop Soros' bill criminalised giving support to asylum and residence applicants. In July, the Parliament also levied a special 25% tax on activities and organisations that "support migration." The same day, the new Law on Freedom of Assembly made it more difficult for citizens to protest. It is important to note that many of these laws are extremely vague and often not enforced at all, suggesting that the intent of the government is to create insecurity, self-censorship, and to use these regulations as communication tools.

Gradually, the rights of LGBTQ people have been impaired as well, and the trend has accelerated since the government has found new opportunities to do so in the state of emergency related to the Covid-19 pandemic. In May 2020 the Parliament approved a bill that prohibits the change of gender in official papers making the lives of trans people extremely difficult (Index, 2020). By December, the constitution declared that ‘the father is male, the mother is female,’ consequently preventing adoption for LGBTQ couples (Index, 2020). The so-called ‘paedophile law’ accepted in June 2021, prohibits the depiction of LGBTQ content to people under 18.

Methodology

Data in this research come from 19 in-depth, qualitative interviews with CEOs and senior staff of 11 Hungarian nonprofit organisations, conducted in 2021. All organisations operate within one of the politically sensitive fields of immigration, LGBTQ or drug, and they were all chosen because they are primarily known to be service-providing organisations. The purposeful sample includes organisations that vary in their size, budget, and ideology – I deliberately included religious organisations, except in the LGBTQ field.

INSERT TABLE 1. ORGANISATIONS BY FIELD, INTERVIEWS AND ORGANISATION LABEL

The semi-structured interviews lasted from 45 minutes to two hours, average interviews lasting around 75 minutes. Interviewees were asked to focus on their experiences since 2010. They received questions on major changes within this timeframe, how their relationship changed with the government, with any types of government agencies or the local government, with other organisations in their field. I also asked if their identity changed during this time and what major challenges they faced. If they did not mention it already, I asked if they registered as foreign-funded organisation or how the legislative restrictions affected them. Finally, they were asked to mention anything that was important regarding this timeframe but did not come up in the interview.

Interviews were coded deductively and inductively as well. First, I coded the data around the specific questions to be able to draw an organisational profile. Then, I approached the interviews inductively, looking for themes in each interview that my

questions did not cover. Then, I coded the interviews again, now using Oliver's framework specifically. I analysed each organisation regarding their dependence on the government, the multiplicity of their constituents and the level of formal and informal pressure they receive. I examined their organisational responses and categorised them based on the framework. Finally, I compared organisations within and across fields to see emerging patterns that characterize emerging strategic responses.

Results

INSERT TABLE 2. ORGANISATIONAL PROFILES

INSERT FIGURE 1. ORGANISATIONAL RESPONSES BY DEPENDENCE ON GOVERNMENT AND TYPE OF PRESSURE

INSERT FIGURE 2. ORGANISATIONAL RESPONSES BY MULTIPLICITY OF CONSTITUENTS AND TYPE OF PRESSURE

Discussion

One of the key findings of this study is that organisational responses in reality are not as clear-cut as theory suggests. Oliver's framework seems to propose that organisations choose one route and they either acquiesce or defy, either avoid or manipulate for instance. In this sample, however, the overwhelming majority of organisations applied multiple tactics at the same time. For example, every organisation who was required to register as foreign-funded organisation did so (acquiescence), yet many publicly protested against it and two of them (A and E) took legal action. Some were afraid of the fine, and most felt that as service-providing organisations, they could not risk losing the chance to serve their beneficiaries by not fulfilling the law. One of the interviewees also mentioned that they had not seen the added value of boycotting the law since other organisations (usually human rights NGOs, not in this sample) did it anyway. The only organisations that had 'pure' responses were the ones (C, D, H, J) that chose simply to acquiesce. Three of them (C, D, J) had very little reason not to do so as they receive generous government funding, their ideology is in line with the government (or their main organisational value is neutrality), and two of them (C, D) are regularly and meaningfully involved in an official consultative forum.

Dependence. Dependence on the government clearly has an impact on organisational response. Most responses – but not all – in the sample fit my hypothesis that increasing dependence on the source of the pressure (government) decreases the chance of organisational resistance. All organisations that ranked on the low end of the spectrum (B, E, F, G), resisted in some form. This usually meant public protest – open letters, press releases, media appearances, social media – against regulations affecting their communities or their operations. Organisation E even chose to file claims regarding the ‘lex NGO’ at the Constitutional Court of Hungary, and they joined the ‘Civilization Coalition,’ a platform that was founded in 2017 by Hungarian NGOs to respond collectively to the restrictions on the civic space. Three of these organisations (E, F, G) work in the LGBTQ field, they did not have significant amounts of government funding before 2010, and they receive none now. Importantly, most of their services do not require an official status or the government’s approval. In a worst case scenario, they could serve their community on a fully volunteer-basis as well. The lesbian organisation, however, did suffer a painful programmatic loss since due to the ‘paedophile law’ they cannot operate their school programs anymore. At the same time, schools were increasingly afraid to work with them.

An important pattern among the LGBTQ organizations (E, F, G) was that they all started as primarily service-providing organisations, yet advocacy became an equally important part of their activities in the past few years. In 2020, two of them (E, F) even founded a platform called ‘Rainbow Coalition’ along with human rights organisations to be more effective at speaking up against the increasing legislative actions affecting their communities. As one interviewee said: ‘When the atmosphere is hostile you turn towards service since there is no platform where you can advocate. But when you are attacked intensely, you must speak up, as even the media seeks you out to take a stance’ (Interview 8). The trans organisation (G) was founded in 2011, thus, they never had a friendly relationship with the government. They started with ‘silent advocacy’ to ‘give the government a chance,’ but after the prohibition of the legal change of gender passed in 2020, they felt that they have ‘nothing left to lose’ (Interview 11). Thus, they are also ready to advocate more visibly now, yet, they prefer to wait until the elections in the spring of 2022 to avoid the unnecessary heat of the campaign.

The fourth organisation (G) that is not dependent on the government is a grassroots organisation that was established in 2015 to respond to the European refugee

crisis. It has never had a paid employee and their budget comes from microdonations of Hungarian citizens which allows them enormous flexibility. This is apparent from the fact that they changed not only their activities several times but their legal form as well to reflect the current needs and opportunities. Like most organisations in the sample, they also deployed two types of response strategies: defiance and avoidance. They never wanted government funding since they found that it ‘comes with a muzzle’ and though they did not speak up against the laws restricting civil society, they did raise awareness of the situation of refugees kept in transit zones at the Hungarian border. Regarding the tax of the ‘Stop Soros’ bill on organizations supporting migration, they tried to register as a party to avoid the extra taxation though that attempt did not succeed. The story of this grassroots organisation proves the fragmented nature of government at its extreme. They have always been publicly attacked by the government as a Soros organisation though they have never received such funding. Despite this fact, the Constitution Protection Office asked for their cooperation in June, 2016 to filter potentially dangerous arrivals as they were on the ground, closely working with refugees. They agreed in return to a license to transit zones, which they received but only under a new organisational name (avoidance). As a consequence, they were the only organisation in the transit zones who was not part of the Charitable Council (a consultative forum in close cooperation with the government that involves the five largest humanitarian charities – four of them are related to the major churches in Hungary). The license, however, was withdrawn in less than a year after they had posted photos about the circumstances in the transit zones. They believe the withdrawal was requested ‘at the highest levels’ of government (Interview 3). In late 2017, they were also one of the targets of a secret attack of the Hungarian government that later became known as the “Black Cube scandal.” The government hired a foreign private corporate intelligence company to act as potential donors and gather information on a selected group of civil society organizations to use it against them in public communications. The leader of Organization B then was in close cooperation with the Constitution Protection Office who were shocked by the events as well.

Seemingly, there are three exceptions to my first hypothesis about dependence (A, I, and K). Organization K’s response, however, could primarily be characterised as acquiescence with elements of avoidance tactics. Organisation A showed the strongest signs of resistance in the whole sample. As a mid-sized professional NGO serving

immigrants, Organisation A was highly dependent on the government when they chose to file claims at the Constitutional Court regarding the 'lex NGO' in the August of 2017 (Civilizáció, 2017). Although most of their funding came from the European Union, it was channeled through the Ministry of Interior and the government co-funded 25 percent of it. Since the Hungarian Court did not react, Organization A – along with 13 other NGOs, but none from this sample – decided to take the matter to the Court of the European Union in the January of 2018 (Kálmán, 2018). Interestingly, they did not evaluate their response as highly resistant. Due to the increasing pressure, they decided that social work is their priority, thus they can't fight too loudly, however, they wanted to 'speak up when it made sense' (Interview 2). Organisation I, a mid-sized NGO serving people suffering from all sorts of addiction, also showed signs of defiance, despite their high dependence on government funding (contracting out). Much of their defiance, however, was not directed towards the central government. They were targeted harshly by different levels of government twice in the last ten years. First in 2014, when the local mayor (then chief of communication of the FIDESZ) attacked them for their needle exchange program; a program initially invited to the district by the mayor himself. The organisation fought for a while and even the ministry tried to mediate between the parties, but the conflict tied down too much of their capacity, thus, they eventually left the district. It is still a major trauma for the organisation that affects their reputation, programmatic choices and organisational behaviour. Second, they were also among the organisations which received illegitimate audits due to receiving funding from the Norwegian Civil Fund in the same year. This attack was part of a series of examinations against civil society organisations, which was requested by Prime Minister Viktor Orbán personally (Hvg.hu, 2016).

Multiplicity. Oliver suggests that if an organization has multiple constituents, it will more likely resist to some extent - compromise, avoid, defy or manipulate - to meet the conflicting demands. As I argued above, greater degree of constituent multiplicity in the nonprofit sector is important for another reason as well. It may enable an organisation to resist if it wants to as new donors can cover for the funds risked by resistance. The data fits these expectations more or less. Though Organisations C and D, the two large humanitarian providers did not engage in any resistance despite their high degree of constituent multiplicity, they did not have a reason to do so. First, they receive generous government contracts and they are treated as valued partners in service

delivery. Second, they do not face conflicting pressures, as their stakeholders (eg. donors, beneficiaries) do not expect them to fight the restrictions. While the dominant response strategy of Organisation K is acquiescence as well despite the high number of their constituencies, they do employ some avoidance tactics. Until 2010, the organisation's primary program was drug prevention in schools. As funding dried up for this type of activity after the FIDESZ took power, they gave up drug prevention. They made their afterschool program for disadvantaged children their main activity and only kept a smaller program for drug affected youth (acquiescence). They did not want to risk their survival by resisting the restrictions, and one of the interviewees also believes that regardless of the kind of political regime, nonprofits should accept government funding for programs like theirs as it is the government's responsibility as well to provide for children in need (Interview 19). They received significant Soros funding before, and they registered as a foreign-funded organisation. However, when they negotiate with the state they did not advertise their Soros funds at all, rather they emphasised their fruitful partnerships with businesses (avoidance tactic). Their work also showcases how organisations can use their relationships with different levels of government to manoeuvre a shrinking space. They mitigated the hostility of the local mayor by building strong relations with a deputy state secretary. Though they still rather feel tolerated than welcome by the mayor, this tactic allowed them to keep their free use of space in the district.

Organisations A, E and F fit the hypothesis as they all resisted and have multiple constituencies. The resistance of the two LGBTQ organisations (E and F) was made possible by their ability to attract foreign funding due to the growing foreign attention to the issue in Hungary. Organisation E started as a volunteer organisation focusing on service delivery, however, in the last ten years they gradually started to apply for direct funding from the European Union, increasingly engaged in advocacy and underwent major growth and professionalization. Organisation F has also turned towards advocacy recently and experienced a huge expansion in terms of visibility and income as a new book project received enormous attention both in Hungary and abroad. The new publishing contracts to foreign audiences allowed the volunteer organisation to hire an employee and start to professionalize. Organisation A's strong act of resistance – suing the government both in Hungary and abroad – may be linked to their ability to attract foreign funding as well. Interestingly, even though they were regularly attacked by the

government as a Soros organisation supporting illegal immigrants since the refugee crisis, they could almost operate like before until early 2018. They did lose their license to access transit zones but all the other programs, including the training of public servants ran smoothly. More importantly, their EU funding was still channelled through the Hungarian Ministry of Interior and it was co-funded by the state. However, as an independent investigative journal uncovered the government's hypocrisy of funding a Soros organisation, they lost their funding immediately. Eventually, the UN stepped in a month later and saved the organisation by providing direct funding, they had to let half of their staff go, and they still run with reduced capacity at the time of this article.

There are three organisations (B, G, I) that resisted in some form, despite having a low level of constituent multiplicity. It is important to note, however, that this is not against the theoretical expectations. Though acquiescence is expected to happen more often at low levels of multiplicity than at higher levels, it does not mean that organisations with only one or few constituents cannot resist if they do not depend too much on the pressurer. Organisation B could afford to resist and engage in avoidance since as a grassroots organisation with only volunteers, they are highly flexible. The trans organisation (G) in fact benefited from the growing hostility in the sense, that it greatly increased the available (foreign) funding for their cause in Hungary. They believe that if 'there were no attacks, we probably would not exist anymore, as funding opportunities were so rare' (Interview 11). Thus, they might be even expected to resist to some extent. Organisation I directed most of its resistance to the local government when it was openly attacked, thus, had nothing to lose. They still receive the majority of their funding from the (central) government and they keep most of their criticism around the issues of drug policy.

The nature of the pressure. Oliver posits that the lower the degree of legal coercion, the higher the probability of resistance. This is clearly true in the sample, as only four of the 11 organisations (Organisation C, D, H, J) did not engage in any form of resistance, including avoidance. Three of the organisations (Organisation C, D, J) had no reason to do so. The fourth organisation (H) works only with drug affected population, which is an unpopular cause among private donors, thus they are highly dependent on the government. Unlike the LGBTQ organisations, or the grassroots organisation working with immigrants, they provide health services thus they cannot serve their beneficiaries without a legal status or only with volunteers. Since the

‘paedophile law’ came out in the summer of 2021, they are afraid to go to schools as well, though they used to have great demand for their prevention programs. The law – beyond prohibiting the showing of LGBTQ content to children under 18 – states that only state-approved organisations can hold developmental programs to students. Since the list of organisations is not out yet, the law’s implementation depends on the risk-taking of individual nonprofits and schools. Informal pressure is effective; as a comparison, Organisation J, a religious organisation in the same area did not stop its school programs (though they eventually had to stop due to Covid), and they did not seem to be worried about acceptance to the list. While its religious peer experienced unprecedented growth in funding and programs in the last ten years, Organisation H is not invited to apply to important pools of funding, they face high fluctuation of staff and loss of programs, and live in constant fear of further restrictions. Their situation, however, is mitigated to a limited extent by local governments who regularly consult them, and even provided funding for harm reduction activities that would never have received funds from the central government. Overall, the interviews in the sample clearly describe the importance of informal pressure; in an environment where legal coercion is low, informal restrictions communicate the ‘place’ of each organisation in the system. Some are welcome, some are tolerated, and some are enemies, even if they all face the same formal regulations. The level of resistance in organisational responses then eventually will depend on a number of factors including but not limited to the dependence on the government, the availability of other funders, the type of programs the organisation runs and whether or not they require license or approval of the government, and the perception of the risk and the organisation’s tolerance to it.

Conclusion. This paper has pointed out that most service-providing organisations in Hungary do resist the restricting tendencies in one way or another. Though their ‘criticism’ is often ‘only’ linked directly to the policies that affect their beneficiaries, there have been important instances where they went beyond that. Several of them spoke up publicly against more general restrictions beyond their specific field such as the ‘lex NGO.’ Two of the organisations filed claims against the government regarding this law at the Constitutional Court of Hungary while one of them went even further, and continued the fight at the EU level – despite their dependence on the government. Resistance also takes collective forms as the example of the newly

organized advocacy collectives such as ‘Civilization Coalition’ and the ‘Rainbow Coalition’ shows.

The fragmented nature of government in ‘shrinking civic spaces’ can be a blessing. Local governments can mitigate the pressures by providing resources, moral support, and room for advocacy even if just at the local level – the level that is often most tangible to the beneficiaries. As the data proved, however, roles can be reversed. As the experiences of Organisations K and I proved, sometimes it is the local government that exerts the pressure and public officials at higher levels try to alleviate it. Self-censorship is effective, several organisations noted that the anti-civil, anti-Soros narrative of the government has soured their relationships with public agencies (including schools). The most extreme case of the delicacy of manoeuvring between different layers of government have been that of the grassroots Organisation B, which cooperated with the Hungarian secret service while being both publicly and secretly attacked by the government.

The presence of a supranational layer – the European Union – is important for Hungarian civil society. Legal redress, however, may not be as effective as it should be until the European Union decides to impose financial consequences on the Hungarian state. Nonetheless, the opportunity to step up against restrictions at a European platform does inspire civic action as the lawsuit initiated by nonprofits against the government proved. The EU may be most instrumental at fighting for the freedom of civil society when it provides direct funding to organisations. As the example of the LGBTQ organisations shows, foreign funding – in regions where it is “only” stigmatized but not forbidden – can be highly effective in promoting resistance and advocacy, even among (once) service-providing organisations. The administrative burden that these funds incur, however, makes this source available only to a small set of organisations. Thus, to strengthen democracy and pluralism in its member states, the EU should consider finding ways to make their grants more accessible. As this paper documented, the type of pressure and dependence on the government both matter for organisational response, and they can produce surprising patterns. Unlike their peers in strictly restricted environments who turn from advocacy to the safer path of service-provision, Hungarian nonprofits, which are not dependent on the government, walk the other way. They increasingly add advocacy to their organisational profile, challenging what we assumed about their roles in shrinking civic spaces.

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Table 1. Organisations by field, interviewees and organisation label

Field	Interview numbers	Organisation label
Immigration	1-6	A, B, C, D
LGBTQ	7-11	E, F, G
Drug addiction	12-19	H, I, J, K

Table 2. Organisational profiles

Organisations working with immigrants

	Organisation A	Organisation B	Organisation C	Organisation D
Founding	1995	2015	1991	1881
Size	medium	changed from large to medium	large	large
Activity	services to immigrants, trainings, advocacy	services to immigrants	social services, humanitarian relief	social services, humanitarian relief
Funding	EU, government, UN	private donations	government, private donations	government, earned income, private donations

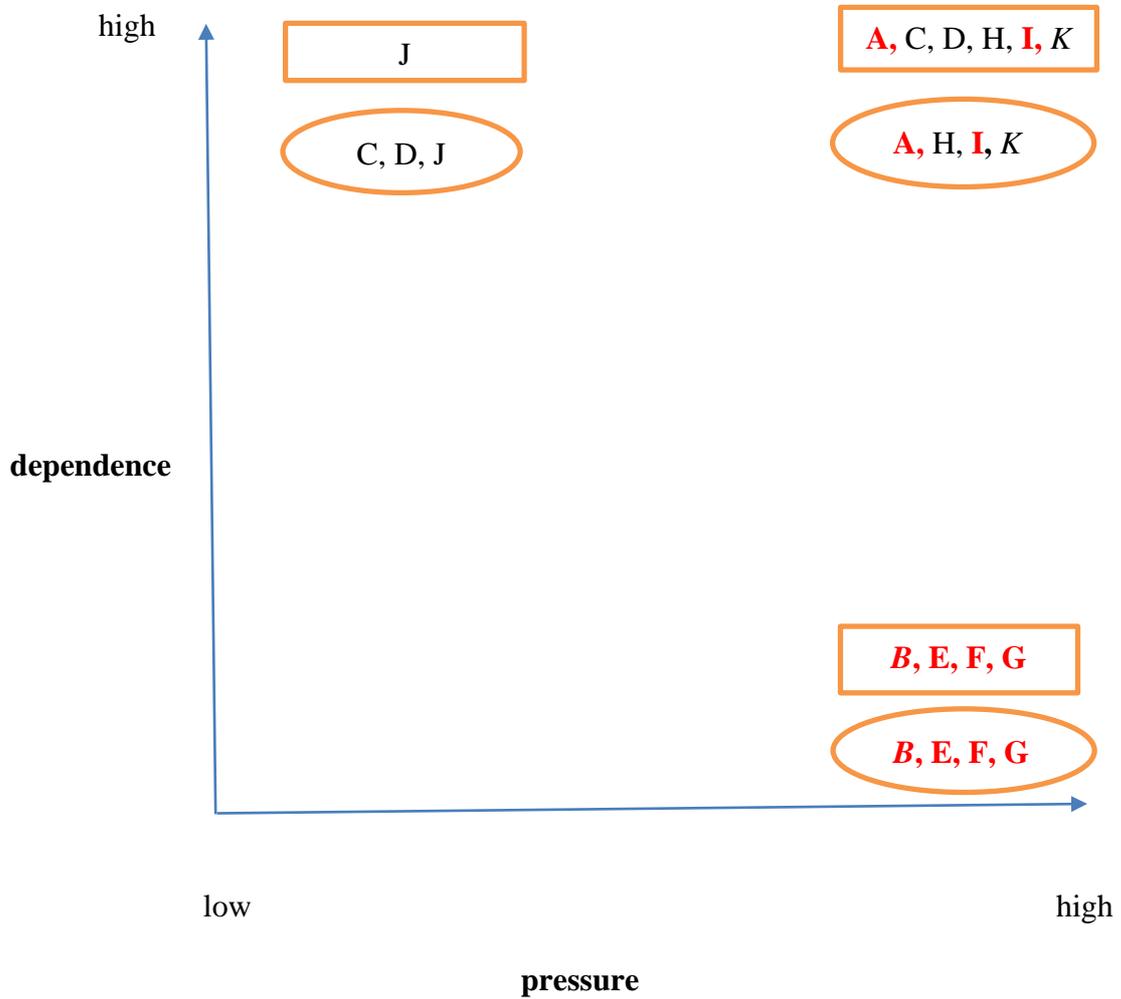
Organisations working with the LGBTQ population

	Organisation E	Organisation F	Organisation G
Founding	1995	1996	2011
Size	small/medium	small	small
Activity	services, trainings, advocacy	community-building, trainings, advocacy	services, advocacy
Funding	EU, foreign foundations, private donations	foreign foundations, earned income, private donations	foreign foundations

Organisations working with drug affected population

	Organisation H	Organisation I	Organisation J	Organisation K
Founding	1999	1996	1987	1997
Size	small	medium	medium/large	medium
Activity	services, prevention programs	services (all types of addictions), trainings	services, prevention programs	afterschool program for disadvantaged children, service for drug affected youth
Funding	government	government, EU, foreign government	government, EU	private donations, government

Figure 1. Organisational responses by dependence on government and type of pressure



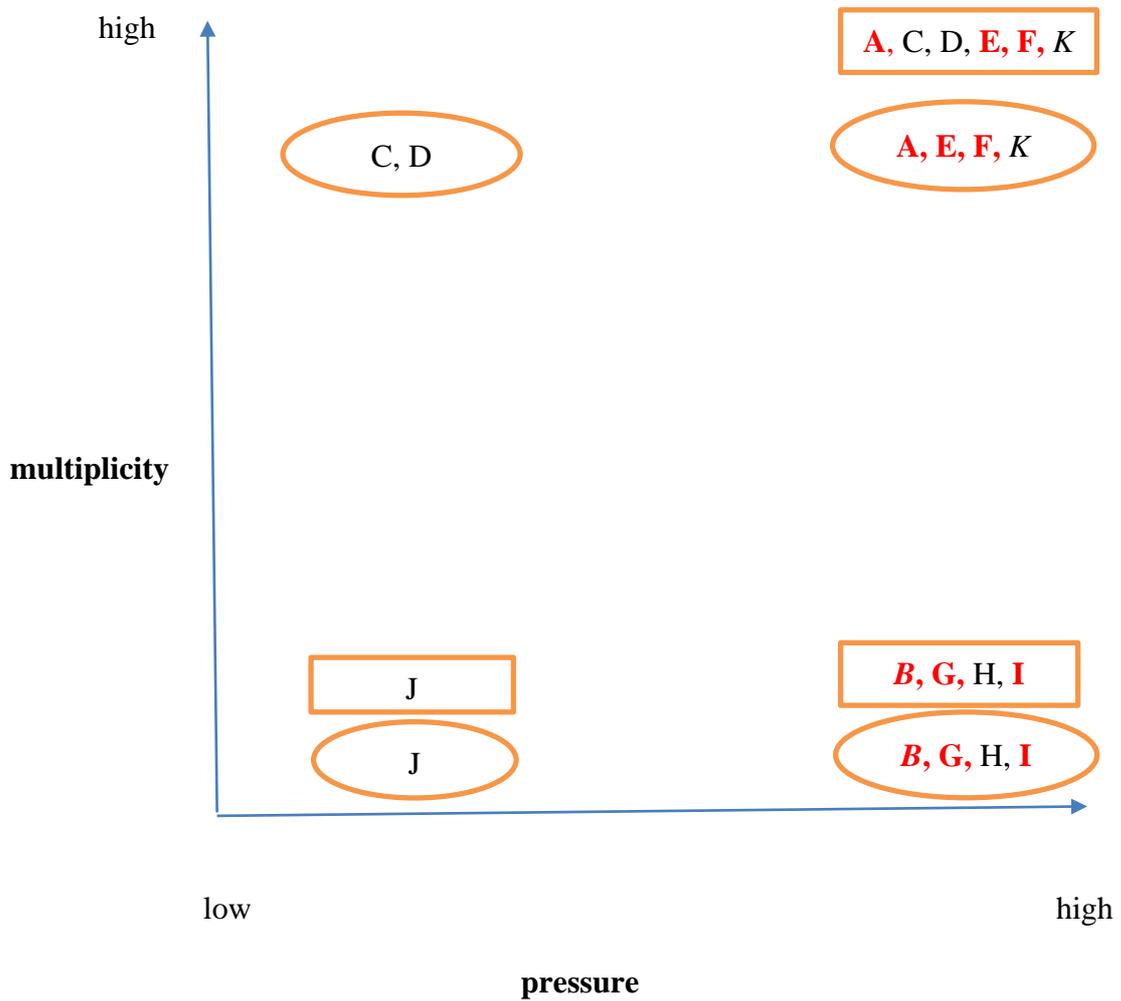
The rectangle refers to formal, the circle refers to informal pressure.

Organisations in red showed some form of defiance.

Organisations in italics showed some form of avoidance.

Organisations in regular font showed only acquiescence.

Figure 2. Organisational responses by multiplicity of constituents and type of pressure.



The rectangle refers to formal, the circle refers to informal pressure.

Organisations in red showed some form of defiance.

Organisations in italics showed some form of avoidance.

Organisations in regular font showed only acquiescence.