

Management challenges to ngos



**ASSIGN
BUSTER**

INTRODUCTION

Management has been defined by Weirich & Koontz as the process of designing and maintaining an environment in which individuals, working together in groups, effectively accomplish selected ends or goals (Weirich & Koontz, 2005). They also submitted that management is applicable to all kinds of organizations (public, private, not for profit) and that no matter the organization, managers' responsibilities are to plan, organize, staff, lead and control in such a way that 'surplus' is created authors (Werich and Koontz 2005). This surplus could mean profit as in the private sector, or meeting a need or having a positive effect, as in the not for profit sectors. So whether an organization was set up in order to sell cars at a profit e. g. Toyota, or set up to meet the dire needs of the poor e. g. Food Aid, management is important if the goals are to be met.

However, while the importance of management in all spheres of human living has been highlighted by several authors, the reality of NGO management differs significantly from what obtains in the Public or the Private sectors. Fundamentally, management or managerialism has not been a major concern for many NGOs until very recently. Why was this so? What are the peculiar features of management in this sector? What are the important management challenges facing NGOs and why are they important? While management challenges abound in all sectors, this essay will explore those peculiar in the management of NGOs in order to answer these questions. It will also critically analyse the case study of Project Literacy, a South African NGO to illustrate how some of these challenges were responded to. The essay will focus more on the most important

management challenges, which have been taken to be leadership, funding, accountability, performance monitoring & evaluation, and 'scaling up'. There are many different kinds of NGOs, however for the purpose of this essay NGOs will be defined as are organisations that are non-political, non-profit, non-governmental, and accountable to their stakeholders and involved in welfare and socio-economic development of people (Rahman, 2007).

WHY NGO MANAGEMENT?

Since 1960, the number and size of non-profit organizations involved in international relief and development have grown substantially (Carroll, 1992; Clark, 1991; Fisher, 1998; Fowler, 1998; Edwards, 1999). As the sector has expanded, it has been subject to new competitive pressures. In the past, the word 'management' was considered synonymous with business management, but for NGOs, commercial activities are presumed to be against their non-profit mission and scored negatively. Since the last two decades NGOs themselves have realised the importance of management, and academicians along with NGO executives have also started thinking over the issues of vision, mission, strategic planning, goals, effective coordination and communication, human resource development, motivational strategies, bottom lines and leadership.

Today more NGOs compete for increasingly scarce donor resources. Both private and institutional donors demand greater financial accountability and more concrete evidence of program impact. Small, independent NGOs find it hard to keep pace with more efficient, larger ones that take advantage of economies of scale in marketing, operations, and support services. The world of competitive market dynamics presents difficult paradoxes to many who

work in the NGO sector. They believe that their organization's strength, fuelled by the staff's primary motivation, is in its determination to help people improve their lives. But in this more competitive NGO world, it is no longer enough to simply have good intentions and a strong value orientation. As noted by Lindenberg (2001), those working in the NGO sector now recognize that NGOs that do not adapt their strategies and promote greater impact, efficiency, and accountability run the risk of bankruptcy as well as irrelevance. Yet they fear that too much attention to market dynamics and private and public sector techniques will destroy their value-based organizational culture.

It has also been argued elsewhere that the management system for NGOs is supposed to be different from traditional management thoughts given by Fayol's Modern Operational Management, Taylor's scientific management and Weber's Bureaucratic Model, because of their distinctiveness in vision, mission, organisational culture, goals and values from the other two sectors (Rahman 2003). Stemming from Henri Fayol's (1916) definition of management as forecasting, planning, organizing coordinating and control, Rahman (2003) gave a possible definition of NGO management: 'To manage an NGO is to forecast with shared vision, to plan strategically, to operate professionally and to lead culture friendly'. In this definition the word 'organise' used by Fayol has been replaced by 'operate' in order to give a more functional touch, and the word 'control' has been replaced by 'lead' because there is a minimum use of control in NGO management as the shared values of NGOs discourage the concentration of power at the hierarchical levels and in their functions.

Having agreed that management has gained importance for NGOs, what then are the key management challenges for NGOs? Though management challenges abound also in the public and private sectors, the NGO sector has a unique complex nature with its own characteristic management challenges ranging from funding problems to leadership, performance monitoring & evaluation, accountability, scaling up, human resources, organization culture, and professionalization. The following sections will however focus on the first five challenges I believe a key in NGO management.

FUNDING AND INDEPENDENCE

Funding is a very major challenge in NGO management. NGOs require funds to carry out programs and maintain the organization. Unavailability of funds for an NGO could mean a total 'standstill'. NGOs could most time depend on government for funding. However, NGOs that depend largely on public finance run the risk of becoming mere government subsidiaries by implementing activities formerly carried out by their own governments or multilateral institutions (Senillosa, 1998). Government policy may differ from the NGOs' objectives and/or the beneficiaries' interests, which may lead to a conflict of interest. The availability of substantial government grants may tempt NGOs or the program beneficiaries to become involved in programs inconsistent with their own objectives and capacities. The sheer size of government grants and certain government grant restrictions (specific countries, certain social groups, special forms of assistance) may lead to an imbalance in the NGOs' programs. Some NGOs have, more or less, become contractors to governments, particularly if they do not have other programs

or funding sources. NGOs may become unwilling to criticize government publicly thus softening their advocacy work and/or human rights campaigns.

Also, as government funding may be comparatively easy to obtain, there is the risk of the NGO ignoring or downgrading their traditional sources of private funding and traditional relationships with their constituencies. In addition, as non-governmental providers of development services, NGOs (and their programs) became subject to the availability of government funds (with associated uncertainty about magnitudes and timing), to some degree of governmental control and supervision, and to the rules and procedures that went with the receipt and use of public funds. This tended to impose heavy and sometimes excessive requirements on NGO administrative and audit capacities (Van Der Heijden, 1987).

Another problem with funding is the issue of rejection of 'core funding'- a situation whereby donors are only willing to pay 'project' costs. According to Bornstein (2003), NGO managers that are not competent enough to incorporate core costs within project proposals usually have their key functions not being funded. Organizational development, experimental pilot approaches and long-term impact analysis are being abandoned due to lack of funds.

Finally, financial uncertainty affects planning for NGOs. It has also forced them to look for more financial sources and adopt private sector-like methods like downsizing. Take for example; shortage of funds is forcing many South African NGOs outside the donor loop to diversify income sources. They are redefining their relationships to the state and the market,

taking on government contract work, selling services to the private sector and charging user fees. Some have had to downsize and depend on short-term contract staff while others are experimenting with their legal status and turning into ' non-profit' companies. (Bornstein 2003).

LEADERSHIP

Leadership in NGOs is a matter of concern considering the highly personalized nature of leadership in the sector. The sector is full of anecdotal stories about the detrimental impact of paternalistic founder leaders, "charismatic autocrats," or " the guru syndrome" (Hailey, 1999). On one hand such leaders demonstrate a drive and commitment, and a remarkable ability to mobilize people and resources. While on the other hand they are criticized for dominating organizations, being unaccountable, and failing to adapt to changing circumstances. Chambers (1997) points out that such NGO leaders can achieve many things through their " guts, vision and commitment," but the way they use power is a " disability" that jeopardizes organizational effectiveness. He argues such charismatic leaders are " vulnerable to acquiescence, deference, flattery and placation" (Chambers, 1997). They are not easily contradicted or corrected. As a result they actively suffocate promising initiatives that may threaten their power base, relationships, or position of patronage.

The concept of leadership in NGO could also at times be antithetical to the participatory culture espoused by many NGOs. In a sector that believes itself to be more value driven, participatory, and less managerialist than the for-profit business sector, there is an unwillingness to concede the important influence of any one individual leader. Managers in this new era thus have to

<https://assignbuster.com/management-challenges-to-ngos/>

be conscious of the greater credence given to ideas of equality and participatory democracy in this sector if they are to succeed (Hailey & James 2004).

Effective NGO leadership also requires the ability to balance a range of competing pressures from different stakeholders in ways that do not compromise the leader's individual identity and values (Hailey & James 2004). The leadership of development NGOs face extraordinary challenges as they work with very limited resources in uncertain and volatile political and economic circumstances to help the most marginalized and disadvantaged members of their communities. Civicus referred to the growing deficit in leadership abilities in NGOs. In particular they pointed to rapid turnover of NGO staff in leadership positions into business and government and the difficulty NGOs have in replacing them (Civicus, 2002). All too often this failure of leadership results in programmatic dysfunctionality and even organizational collapse.

MONITORING AND EVALUATING PERFORMANCE

NGOs are making significant efforts to show how they are performing, a trend impelled by three factors: stricter requirements attached to official aid; doubts about NGO claims to be more effective than governments; post-Cold War shifts in the role of NGOs, which increase their own needs to know what is being achieved, in order to manage the processes of organisational reorientation and transformation. However, almost without exception, NGOs are finding it very difficult to come up with sound, cost effective methods to show the results of their development activities, or even to demonstrate their effectiveness as organisations (Fowler, 1996). Rick Davies attributed

<https://assignbuster.com/management-challenges-to-ngos/>

the problems of monitoring and evaluating the performance of NGOs to ambitious expectations, complexity caused by scale (hierarchical differences in goals and expectations at various actors' levels), diversity of NGO activities, vague objectives, 'fault-able' measuring tools, and absence of baseline information & adequate monitoring systems (Davies, 2000).

Unlike commercial companies development NGOs do not have the 'bottom lines' of market feedback, profitability, and returns on financial investment, nor do they receive the judgement of citizens through social unrest or the periodic vote. In other words, consumers and voters are the source of performance standards for business and government- but not for NGOs (Fowler, 1996).

According to LeCompte (1986), the difficulty in measuring the development performance of NGOs stems from the basic incompatibility between the assumptions on which the aid system is based and the actual process of socio-economic change. Social economic change is mostly contingent as different from the linear model the aid system presupposes. There are three problems with this approach. Firstly, the right ways of doing things cannot all be sufficiently predicted in advance? Secondly, the assumptions seldom hold. And, thirdly, development - in the sense of sustained improvement in the lives and circumstances of people who are poor or marginalised - does not take place in a linear way under the influence of one single intervention (LeCompte, 1986). As resources move down the aid chain, several things happen which undermine the project approach, and hence limit the ability simply to tie resources and activities to NGO performance in terms of development?

Furthermore, the measures of development are very complex, containing both tangible or physical elements and intangible factors of human and organisational processes and capacities. Also, the possibility of attributing the cause of change to an NGO's work is very restricted.

ACCOUNTABILITY

Who are NGOs accountable to, for what, and how? Concerns about the role and accountability of NGOs have been voiced from different quarters in recent years. As the World Bank (2005) noted, with growth in the influence of NGOs so also are they attracting greater public scrutiny, prompting calls for greater accountability. Some donors, governments, corporations, and international agencies raise important questions about the effectiveness of NGO work and the legitimacy of their advocacy. Some NGOs have also recognized the need to ensure good practice in the wider voluntary sector.

The question of accountability is seen as a bureaucratic hurdle at best, and at worst as a threat to achieving an NGO's aims. Some fear that any toughening of accountability may lead to an overbearing influence from funders and governments, which could then lead to cooptation and a deflection of original purpose (Najam, 2000), or lead to the stymieing of innovation and reducing the diversity of NGOs (Cnaan, 1996).

The problem of to whom accountability should be towards also arises many times. Accountability is usually upwards to donors and not to the poor who are the most immediately concerned. NGOs just want to show that money is not being misappropriated and that the approved activities are completed rather than that desirable change was achieved, let alone sustainable.

Bendell (2006) however argued that democracy and human rights should firmly be at the centre of the debate about NGO accountability. By democratic accountability he meant that NGOs should be more accountable to those with less power who are affected by the organization's actions or decisions - "the poor".

SCALING UP

Much has been said about the need for NGOs to increase the impact they are having rather than applying small piecemeal efforts to large scale problems of poverty. Edwards and Hulme (1992) described strategies for scaling up to meet this demand for more impacts. Some NGOs are contented to focus on a single small community within which they work taking a 'small is beautiful' approach to their work (Lewis 2001). Edwards and Hulme (1992) noted three kinds of scaling up for NGOs as; additive (increase size and coverage of programs), multiplicative (gain more leverage by influencing other development actors, thereby reaching more people), and diffusive (transferring its approaches beyond the organization's immediate sphere of influence). Bangladesh Grameen Bank was able to effectively manage the challenge of the scaling up process. The bank impacted a lot of poor people in the immediate community, but rather than growing any larger as an implementing organization, it encouraged the adaptation of its original microcredit delivery model around the world (Lewis 2001).

CASE STUDY: PROJECT LITERACY, SOUTH AFRICA

This case study is about Project Literacy, an NGO based in South Africa. The NGO was founded in 1973 by Jenny Naser to help provide an opportunity for non-educated marginalized workers to learn how to read, write and learn

<https://assignbuster.com/management-challenges-to-ngos/>

other basic life skills thereby tackling the problem of very low educational level in the society (projectliteracy.org.za). Just like most NGOs, it started with the leader identifying a need in the society which neither the government nor the private sector is making provision for. The NGO started out making use of church facilities for the training and getting volunteer teachers to help out with the training. Much of the funds at this initial stage were from the founder's purse and little fees affordable by the beneficiaries. Even at this early stage, some other churches too started to copy Project Literacy's programme, thereby increasing their impact ('multiplicative scaling up'). In 1985, the NGO enrolled up to 200 learners in its Adult Basic Education Training (ABET) programme and had an annual budget of approximately R4000.

The first major turnaround however came when the NGO received a donation of \$10,000 (worth R33,000) from USAID. With this, the NGO registered Project Literacy Trust Fund, and with additional fundraising drive, built its first mini office. By 1990, trainings for community based organizations and commercial clients were initiated. This helped in further diversifying the NGOs income source. The program also enjoyed a lot of support from other bodies like the South African Council of Churches and the Independent Development Trusts which both gave funds for the further development of an ABET teacher training programme and development of suitable ABET materials. The NGO was able to build its central office in 1994 through a donation from the Joint Education Trust.

However, the direct funding enjoyed by most South African NGOs from international donors soon dried up. With democracy in South Africa in 1994, <https://assignbuster.com/management-challenges-to-ngos/>

donors began entering into bilateral agreements with the elected government rather than directly with NGOs, resulting in the folding up of most NGOs. This highlights the centrality of funding to the operations of these NGOs and probably their overdependence on it. Project Literacy however, was able to survive this period by identifying the opportunity in this challenge (Farouk, year unknown). The new Government saw the need to provide sector wide training to meet the education and skill needs of its work force and the unemployed. This was done through the establishment of Sector Education Training Authorities (SETA) e. g. agriculture SETA will attend to needs in agriculture. Project Literacy's strategy was to build capacity to tender effectively for government contracts, and the organization moved from direct delivery to service delivery. It also restructured its financial management structure, retrained staff, and adopted a robust marketing strategy, all of which were not normal practices in the sector. This sort of bold move required strong leadership able to venture into areas not treaded before. By 1999, the NGO had gained national notoriety, with offices in all of South Africa's provinces.

Also critical to Project Literacy's success was its leadership structure. Unlike most other NGOs that depend on the charisma of the leader and his influence or connections, Project Literacy was able to put in place a standard structure with board of trustees and board of directors, with a management team. By 1995, Jenny Nesor the founder resigned and a new CEO was appointed. Continuity was thus ensured.

Growth however has its challenges, and Project Literacy's biggest challenge ever came in 2010 when it lost a major government contract worth R 90m.

By this time the organization spent up to R1. 2m monthly to maintain its offices nationally. The loss of this contract resulted in the need for the organization to close all its provincial offices and lay off 47 out of its 78 staff members (Independent online, 2010). This highlights the danger of a growth dependent on government funding, and also the danger of additive scaling up. Politics could play a major role in who gets government's contract, and a domineering monopoly might not be the best mode for NGOs to adopt in their bid to scale up. Whether or how Project Life will be able to handle the current management challenge remains a question to be answered, but the lessons learnt from it will be invaluable to every aspiring NGO.

In conclusion, this essay has highlighted the importance of management with respect to NGOs and how it differs from management in the public or private sectors. It has also considered the management challenges of leadership, funding, accountability, monitoring & evaluation, and scaling up as the most important management challenges facing NGOs. The case study of Project Life has shown that management in the NGO sector could be likened to a 'rollercoaster' ride, monumental success could bear with it seeds for colossal failure. NGOs in the foreseeable future will have to continue to work in a very unpredictable environment, adapting quickly as the need may be in order to survive diverse challenges that will continue to face them.