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What is different about managing non-governmental organisation (NGOs) involved in Third World development

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The last decade has produced an increasing number of articles and studies dedicated to analysing and improving the management of non-governmental organisations (NGOs) involved in socio-economic development in the Third World[1]. Frequently discussed in such writings are: a) the reticence of NGOs to accept that they have a management problem and, b) whether the (scientific) management techniques and methods used by other types of organisations profit-making enterprises and government bureaucracies in Western environments, have any relevance for NGOs. The workshops and courses on NGO management regularly noted in NGO periodicals and other publications suggest that NGOs now accept the need to improve their management effectiveness. This article, therefore, addresses the question of what is specific about the management of non-profit, value-driven organisations involved in social development?[2].

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[1] The Management Newsletter published by the International Council of Voluntary Agencies (ICVA) is one reference for such sources, as are the Working Papers of the Research Program on Non-Profit Organisations of Yale University and publications of the Management Unit at the National Council for Voluntary Organisations (NCVO) in London. Two useful books on NGO Management are (a) Charles Handy, Understanding Voluntary Organisations, Penguin, 1988, Harmondsworth, and (b) Peter Drucker, Managing the Non Profit Organisation: Principles and Practices, Harper Collins, 1990, New York.

[2] Increasingly, NGOs are being regarded as one type of organisation within the "value driven", or third sector. Value-driven organisations do not have profit (business) or regulation and control (government) as their primary purpose or reason for existence. Because organisations within the value-driven sector are so diverse it is still difficult to regard the sector as a sector. This brief paper is intended to be one small contribution to further

Many management development and training services available to NGOs are derived from experiences in other types of organisations in the context of the industrialised North. NGOs therefore rightly ask the question, "Is what's on offer suitable for who we are, where we are and for what we do?" But NGOs have a problem in answering this question because they don't find it easy to define the critical differences between organisations whose purpose is socio-economic development in the Third World and others whose purpose is profit or the running of a nation state. NGOs seldom have a clear idea of the necessary distinctions and demands-in management terms-between themselves and these other types of organisation. As a result, NGOs find it difficult to decide what is appropriate management for development and therefore how best to develop their management.

While theories of welfare management can help clarify some of the issues involved, I believe that almost thirty years of development effort provides grounds for identifying the necessary differences between the management of social development and other enterprises.

Analysis of contrasts between commercial, governmental and non-profit voluntary organisations can therefore help in (a) designing appropriate methods for improving NGO management, (b) determining the suitability of the management services already available, and (c) providing NGOs with insight and more self-confidence in arguing about what can or can't be learnt from the commercial and government sectors in the North.

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focus thinking about the third sector and its development.

With a focus on service NGOs involved in rural socio-economic development in developing countries, this brief paper describes reasons why their management must differ from the other two types of organisations if they are to be effective. Four factors are contrasted. First is the relationship between the producers and the clients of what the organisation achieves; second are the organisation's environmental relations; third is the source of an organisations resources; and, fourth are differences in regulation of organisational performance through client feedback. Hopefully, by understanding differences in these areas NGOs will be in a better position to decide how to tackle the development of their management capabilities; to select from the services on offer; and, most importantly, to realise that most of the learning about improving NGO performance will have to come from within the NGO sector itself.

• **Relations between producers and clients**

All organisations are created for a purpose, they are all meant to achieve or produce something. However, the relationship between the producers and clients or an organisation's 'product' varies significantly for commercial, governmental and voluntary agencies, creating quite different management demands. In commercial enterprise the producers are normally employees under a manager's direct control. What the organisation produces is sold as a material item or a service to a client, the buyer, who decides if he or she wants what competing organisations have to offer (monopolies aside). The buyer pays money, takes ownership and usually here the relationship between organisation and client ends. The producer is distinct and separate from the client. Interaction between client and organisation is self-willed, based on a transaction and more often than not momentary. A manager's span of control does not (need to) encompass the client, as the production process is internal to the organisation.

Governments have employees (civil servants) and clients (citizens). For the client, government's 'products' include: regulations, security, (the value of) money, plans, social and welfare services, infrastructures, legal controls and their enforcement. Again, the civil servant and the client are distinct, but in certain circumstances the client may be officially incorporated into what a government organisation produces. For example, Africa's farmers are often required to reach government targets in their agricultural production and sell only to parastatal marketing boards at fixed prices. So, in certain situations the client is tied into a government organisation's production process without being its employee. The relationship is often permanent and obligatory. The simultaneity of citizens being a client in one setting and producer in another is made possible through regulation and authority. Here, a civil servant's span of control does encompass the client and, because of the compulsory relationship provided by legal obligation, the production process is both inside and outside the public enterprise.

Experience has shown that it is rural people who produce their (self-) development, not NGOs and their staff. Rural people must own induced social development processes and benefits if they are to be sustainable. These facts dictate that NGOs relate to clients as the actual producers of the organisation's 'product', ie recognise that client and producer are one. Thus an NGO's influence has to extend beyond its organisational boundaries into communities because the production process is by the people, ie. outside the organisation itself. Unlike commercial business, NGO managers must bring the producer/client and only extend their influence through dialogue and negotiation. Further, involvement of an NGO with clients in their social development is not momentary, but nor should it be permanent if dependency is to be avoided. NGOs intervene temporarily but do not remain[3].

To summarise, in commercial business, client and producer are separate and the interaction is momentary based on exchange; with government, a citizen can be both client and a (tied) producer, in a relationship based on

[3] For a detailed discussion of the concept of "intervention" in development see Alan Fowler, "Non Governmental Organisations: Achieving Comparative Advantage in Micro Development", Discussion Paper, No.249, Institute of Development Studies, University of Sussex, August, 1988.

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control; but, for NGOs the client is the producer, the duration of interaction is temporary, based on negotiation.

• **Relating to the outside world**

The three types of organisation -commercial, governmental and NGOs -tend to adopt distinctive strategies for relating to their external environments.

In order to protect themselves against adverse conditions in the outside world commercial businesses use two major devices. Firstly, they try and isolate themselves from external influences, for higher productivity is obtained when a production system is not disrupted. Building-up buffer stocks, forward contracts with suppliers to ensure inputs, and negotiating overdrafts with banks to protect cash flow, are all ways by which commercial organisations try to insulate production processes. Secondly, businesses try to condition the external world to their advantage - normally through advertising - but also by buying out the competition or market manipulation. They endeavour to create the right market conditions for their products and spend a lot of money doing so.

Governments, on the other hand, have the power to create much of their own (national) environments. Laws, regulations, standards, taxes, quotas, plans, incentives, and instruments for their enforcement are all at the disposal of a government whose primary strategy towards the outside world is usually one of regulation and control. And, while the degree to which governments try to direct aspects of economic, social and cultural life vary, control and regulation underlie the way they view and treat the outside world. Management internally and externally is based on authority, hopefully derived from some legitimate, popular democratic process.

Value-driven development agencies rarely possess legal instruments of control and, because it is the client who actually produces development, NGOs must seek to integrate themselves with external environment, normally through dialogue and negotiation with the community. The nature of induced socio-economic development by the non-

government sector means that NGOs must therefore do the opposite, they must listen, respond to, embrace and be absorbed by their operational environments. Their special challenge is to organise for and manage this necessity.

The contrast between the three type of organisations in their environmental relations are therefore ones of isolation or manipulation, authority or control, and negotiation or integration.

• **Organisational resources**

The third important distinction between businesses, governments and NGOs is source of the financial resources that they need to function and survive.
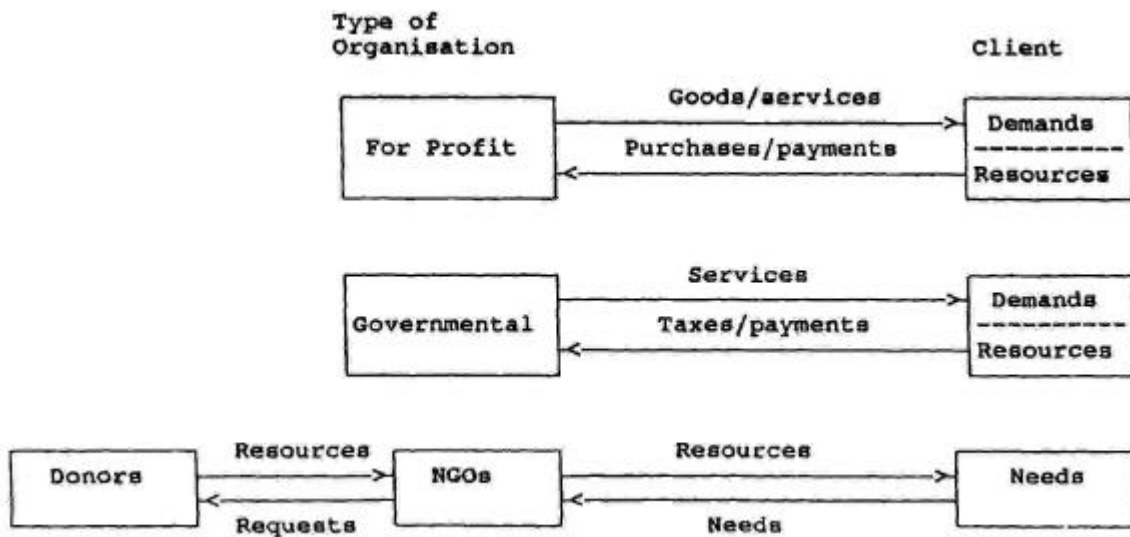
Commercial businesses derive their resources from clients who pay for their goods and services, ie. client and resource are coupled.

Governments obtain their resources from the populace through taxes and from payments for some of the services they provide, again client and resources are coupled.

For NGOs, the financial resources needed to function are derived, in a variety of ways, from donors and very seldom from the client, ie. the client and organisational resources are divorced.

The fact that the client to be served is not the source of the funds needed for an NGO to perform and survive is one important reason for differences in management between the three types of organisations. This separation - not to mention the project basis for financing - can be the source of many difficulties because resources play such a critical role in how an organisation develops and functions. Example of management and performance issues encountered by NGOs when resources are split from clients are: multiple, conflicting accountabilities; prevalence of inappropriate supply-driven services; maintenance of a self-perpetuating supply, unresponsiveness to changing demand; translation of client reality into the world of the donor; and, an NGO growth dominated by supply instead of need.

Figure 1. Comparison of organisational resources and client relations

- **Performance control**

The dissimilarities described above impact on the way that the performance of an organisation can be assessed and regulated by clients. Feedback on client satisfaction with commercial enterprise is direct and usually quick. Loss of sales is a pretty good and clear message to a profit oriented organisation that something is wrong.

Citizens' ability to indicate (dis)satisfaction to governments can be immediate on specific issues, for example through public protests, or more structurally through widespread civil disobedience such as large scale tax evasion. Longer term, people's feelings about government performance can be communicated through the electoral process where this is fair and representative. However, usually such performance indicators are indirect expressions of performance, take a long time to affect bureaucratic change in democracies and usually fail to do so in autocracies.

The ability of clients to provide feedback to and through NGOs to donors is difficult at the best of times. However, it is severely impeded when the clientele reside in a different world hemisphere. In this circumstance the chance of any systematic inputs from those supposed to

benefit from an NGO's actions to the actual suppliers of resources the NGO relies on, the donors, is very limited, if not non-existent[4]. Hence NGO performance assessment and regulation via client feedback to the resource provider is seldom achieved[5]. Evaluation cannot adequately fulfil this function, yet it is the tool most used to appraise organisational performance. NGOs must create other mechanisms to provide this function[6].

All of the foregoing are an expression of the fact that a set of values provide the rationale and foundation for the existence of non-profit organisations. Values are critical because they provide the needed impetus, identity, direction, and staff unity required for effective work and determine which tasks must dominate, the skills required, the balance between trust and control, what decisions can be made by who at

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[4] 5. A major exception can be NGOs that raise their funds from the general public for expenditure with(in) an identifiable population in the Third World. Child sponsorship agencies would be an example.

[5] This point parallels current socialists' debates in European countries on the possibility of developing a social as opposed to an economic-market to regulate performance of state-provided services.

[6] Clients in development do, of course, eventually provide feedback by either supporting or rejecting an NGO intervention. An important indicator of people's feedback is sustainability of benefits.

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what levels, the limits of planning, how responsibility and authority are spread and who "owns" change processes.

Such contrasts, plus differences in the political, economic and social systems in Third World countries, all contribute to the unique challenges for NGOs managing socio-economic development which is intended to benefit the poor and vulnerable. NGOs should therefore look critically at the services now being offered to help them become more effective. They should try and find out whose experiences are being used, where they come from and how they have been tested. It now seems likely, for example, that using management methods proven by Southern NGOs may be more appropriate than those from the North.

Trying to improve NGO management by simply adapting and adopting techniques and designs from other types of organisations in Western settings has reached its limits; the differences involved are too significant. Time is ripe to accord the status of a sub-socio-economic development by the third sector in the third world. This requires that NGOs learn more methodically by analysing their actions. To do so systematically calls for a higher priority to be given to the allocation of funds for NGO self-reflection and sharing of experiences than has been the case to date.

Most significantly, however, the biggest challenge for those interested in improving NGO effectiveness is to be led by a vision of the value-driven sector in future society instead of being driven by poor NGO performance as is the trend at present.

Summary of differences in organisational characteristics

Characteristic feature	Commercial	Government	NGOs
Producer/client rel.			
- relationship	Separate	Tied	Identical
- duration	Momentary	Permanent	Temporary
- basis	Transaction	Obligation	Intervention
Relation to the outside world	Isolation conditioning	Control/authority	Negotiation/integration
Source of resources	Clients	Citizens	Donors
Feedback	Direct from clients	Indirect citizens	Missing

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