

# The Management of Non-Governmental Development Organizations

An Introduction



David Lewis

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# The Management of Non-Governmental Development Organizations

The profile of non-governmental organizations (NGOs) in the developing world has increased dramatically over the past decade. International and local NGOs have moved centre stage within international, national and local efforts to eradicate poverty, and are now seen as an important element of 'civil society', a concept which has been given increasing importance, alongside the state and market sectors, by policy makers.

Drawing upon current research in non-profit management, development administration and management theory, this book explores the newly emerging field of the management of NGOs working in the area of poverty reduction in developing countries. By giving equal attention to the activities, relationships and internal structure of the NGO, the author develops a composite model of NGO management which seeks to analyse the distinctive challenges faced by these organizations. Key issues and debates include:

- the changing global and local contexts of development cooperation
- management technologies such as empowerment and stakeholder analysis
- structural issues such as accountability, governance and participation
- cultural issues such as organizational learning and diversity
- dealing with complexity and uncertainty.

**David Lewis** currently works at the LSE's Centre for Civil Society, in the Department of Social Policy, where he runs the MSc programme in Management of NGOs and undertakes research on NGOs and development, with a particular focus on Bangladesh. His publications include *International Perspectives on Voluntary Action* (ed., 1999), *Anthropology, Development and the Postmodern Challenge* (1996, with K. Gardner), and *NGOs and the State in Asia* (1993, ed. with J. Farrington). He has worked as a consultant mainly in South Asia for a range of organizations, including Save the Children Fund, Oxfam GB, Concern Worldwide, Danida, Department for International Development, and the Body Shop plc.

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An Introduction

*David Lewis*

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# Abbreviations

ASSEFA	Association of Sarva Seva Farms
BAIF	Bharatiya Agro-Industries Foundation (India)
BRAC	Bangladesh Rural Advancement Committee
BRLC	Baptist Rural Life Centre (Philippines)
CBO	Community-based organization
CSO	Civil society organization
DFID	Department for International Development
GONGO	Government-organized NGO
GSO	Grassroots support organization
ICVA	International Council for Voluntary Agencies
ID	Institutional development
IDR	Institute of Development Research
IMF	International Monetary Fund
INGO	International NGO
INTRAC	International NGO Research and Training Centre
LFA	Logical framework analysis
MBO	Management by objectives
MYRADA	Mysore Relief and Development Agency (India)
NGO	Non-governmental organization
NGDO	Non-governmental development organization
NNGO	Northern NGO
OD	Organizational development
OECD	Organization for Economic Cooperation and Development
ORAP	Organization of Rural Associations for Progress (Zimbabwe)
PO	People's organization
PRA	Participatory rural appraisal
PROTERRA	Instituto Tecnológico Agrario Proterra (Peru)
PSC	Public service contractor
PVO	Private voluntary organization
SEWA	Self-Employed Women's Association (India)
SIDA	Swedish Agency for International Development Cooperation

SIT	School for International Training
SNGO	Southern NGO
TSO	Third sector organization
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VO	Voluntary organization



# 1 Introduction

## The growth of the 'NGO management debate'

### Introduction

#### *The aim of this book*

The past decade or so has witnessed a spectacular growth in the numbers and scope of 'third sector organizations' around the world – organizations which are active in a vast spectrum of activities from welfare services to leisure pursuits, from political pressure groups to arts and hobby groups. Salamon (1994) writes of a 'global associational revolution' in which third sector organizations, so called because they form an important arena of social, economic and political activity alongside the state and the market, have come to play increased roles in public policy. Whether providing services, forming the basis for community self-help initiatives or campaigning on public issues, a range of different types of third sector organizations now have a high profile in most areas of the world.

An important sub-group of the third sector organizational family is that of the 'non-governmental development organizations', commonly termed *NGOs*. NGOs are usually understood to be the group of organizations engaged in development and poverty reduction work at local, national, and global levels around the world. The profile of NGOs has increased steadily among development policy makers, activists and researchers in both the rich industrialized countries of the 'North' and among the low-income, aid recipient countries of the 'South'. NGOs now feature prominently in efforts to secure social and economic change in favour of marginalized populations by the agencies which make up the international 'aid industry', in the growing number of public interest groups seeking alternative approaches to poverty reduction through better service delivery and through advocacy and campaigning work, and in the self-help efforts of organized local communities to improve their conditions of life (Korten 1990; Clark 1991; Edwards and Hulme 1992, 1995; Farrington and Bebbington 1993; Hulme and Edwards 1997). NGOs have come to be seen by many as part of an emerging 'civil society' in many countries which may serve as a counter-weight to the

## 2 *The growth of the 'NGO management debate'*

excesses of the state and the market (Hadenius and Ugglå 1996; Van Rooy 1998).

The category of 'NGO' covers a wide range of organizations and activities which go beyond narrow definitions of 'development'. For example, Deacon *et al.* (1997) draw attention to the ways in which international non-state actors are increasingly contributing to transnational social policy under processes of economic, technological and cultural change which have together become loosely referred to as 'globalization'. In the field of international relations and politics, there is a new interest in the growth of increasingly active non-governmental networks of environmental, gender and human rights campaigning organizations (Keck and Sikkink 1998). There are also current debates about NGOs in connection with the provision of international humanitarian relief in wars and natural disasters (Bennett 1995). Anthropologists have begun to take an interest in the ways in which NGOs play a role in mediating relationships between global processes and local lives (Fisher 1997). Although many of these wider NGO roles will be touched upon in this book, the kinds of NGOs with which we will be mainly concerned are those Fowler (1997) defines as 'non-governmental development organizations', which are third sector organizations whose presence is 'legitimised by the existence of poverty'.

Much has been written in the international development literature about the rise of the NGOs, but it is a literature which has tended towards the descriptive rather than the analytical, with a focus on individual cases and which has frequently had a prescriptive or normative tone (Clarke 1998; Stewart 1997; Najam 1999). Furthermore, very little of this literature has been concerned with the structure and management of these organizations. Instead, much has been made within such work – and cast in either a positive or a negative light by researchers – of the roles played by NGOs in development processes, and for the potential of NGOs to challenge existing policy and practice (Lewis 1999a).<sup>1</sup> This lack of attention to management is an important gap, because

Management capacity is the lifeblood of all organisations, irrespective of whether they are private entities, public agencies, not-for-profit concerns or non-governmental varieties.

(Udoh James 1998: 229)

Where there has been research carried out on the internal management and organization development of NGOs, this work has, as Stewart (1997) points out, tended to be at the expense of wider context and politics.

Considerable attention has been given to understanding management in the worlds of business and government, with a succession of management fads and 'gurus' in the last few decades (Bate 1997; Micklethwait and Wooldridge 1996), and more recently with the rise of 'new public management' in the public sector (Ferlie *et al.* 1996; Minogue *et al.* 1998).

This book therefore sets out to explore grounds for the argument that there is an emerging field of NGO management, and to examine the key management challenges faced by development NGOs, by focusing on both internal and contextual issues. These NGO management challenges follow from the types of roles and strategies being undertaken by different kinds of NGOs in the struggle against poverty, and these can be summarized in general terms as

- (a) the delivery of new or improved services to sections of communities which are in need,
- (b) efforts to catalyse social, economic and political change processes at the level of group or individual action, and
- (c) the attempt to create 'synergies' among different agencies and initiatives through the building of 'partnerships'.

As many people who have studied NGOs or worked within them will know, there is much discussion and debate about the various types of roles that NGOs play in development, but relatively little attention generally given to the ways in which these roles can be managed. It is therefore the objective of this book to begin the task of building a conceptual framework in which the distinctive challenges of the management of NGOs might be better understood and analysed. In a modest way, it is hoped that this approach can cast some new light on the subject of NGOs and offer some critical perspectives on the concept of 'management'.

NGOs vary very significantly in their structure and in the nature of their operations. The term 'NGO' includes large, bureaucratic organizations with multi-million dollar budgets as well as small, informal local initiatives. Some NGOs are engaged in long-term community development work, others provide short-term emergency relief in response to natural disasters or human calamities created by conflict. Although there are many voices which are critical of the rise of NGOs, such criticisms have tended to be restricted to the context of humanitarian assistance in emergency situations (e.g. Abdel Ati 1993; de Waal and Omaar 1993) and NGOs continue to be 'flavour of the month' in mainstream development circles.<sup>2</sup> One well-known development publisher recently told me that they were actively seeking ideas for new books on NGOs because they sold so well. I heard another senior academic in the same week complaining that his manuscript on public administration could not find a publisher because NGOs and 'civil society' had now become a profitable priority area.

One of the main challenges faced in writing a book such as this is therefore the sheer diversity of organizations which fall into the general category of 'NGO'. NGOs can be large or small, formal or informal, externally funded or driven by volunteers, charitable and paternalistic or radical and 'empowerment'-based. One NGO might combine several of these different elements at any one time. It may be constantly dealing with change, locked



into an unpredictable context in which it alternates between periods of fashionable affluence (in which they are favoured by donors who provide extensive funding and leave them with problems of rapid growth and formalization) and periods in which resources can suddenly dry up. There are many NGOs which live a 'hand-to-mouth' existence, ever more concerned with the need to secure their own organizational survival in the face of donor or public apathy, or struggling to exist in the context of political oppression and government or private sector suspicion.

Some brief organizational examples can be used to illustrate this point. The Bangladesh Rural Advancement Committee (BRAC) is a formal, bureaucratically structured NGO which works closely with government in the delivery of a wide range of services in urban and rural areas, and it is now one of the largest NGOs in the world (Lovell 1992). In its organizational structure and behaviour it mirrors aspects of government and private sector in its large scale and formal bureaucracy, but it also challenges some of the prevailing public and business orthodoxy. A visit to the BRAC office in Dhaka presents a picture of a large, hierarchical organization which is structured rather like a government department, with clear roles, job descriptions and routines. It is highly professionalized, yet a second look reveals innovations and adaptations in its structure and organization which often challenge the norm, since BRAC seeks ways to introduce a more participatory style into the administrative hierarchy. For example, the Executive Director makes it possible for any staff member, no matter how junior, to gain direct access for a face-to-face discussion through a regular daily 'surgery' in the event of either an idea or an unsolved problem, thereby bypassing the many rigid strata of bureaucracy which typify most government offices. The successful handicraft store chain Aarong, which BRAC operates, sells many of the products made by its female group members and is highly profitable, but profits are ploughed back into the NGO's own development programmes, challenging some of the prevailing rules of the commercial business game as well.

By contrast, Jute Works is an NGO which provides a marketing outlet for low-income women handicraft producers in Bangladesh (Norton 1996). As it has evolved since its establishment in the 1970s, when it used to sell relatively simple handicrafts to a largely solidarity-based northern market of NGOs and their supporters, the 1990s saw a steady growth in the competitiveness of the handicraft market and the rise of a new ethically driven 'fair trade' movement. This has presented Jute Works with something of a dilemma, since it cannot stand still and remain as an NGO which is used to operating along essentially charitable lines, because its income has begun to decline steadily in recent years. If it is to survive, the organization must design and market its handicrafts more effectively in order to attract new customers and to ensure that the rural women with whom it works can maintain their livelihoods. As a result, this NGO is now looking to the private sector for new skills in product design, quality control and

marketing which will ensure that it provides a better service to the community which it serves. Although Jute Works remains driven by its commitment to the values of fair trade and the needs of its users, it is increasingly choosing from a portfolio of business sector management tools which it hopes will allow it to engage more successfully with market forces (Lewis 1998a).

A third example illustrates how fast the NGO world is changing at the international level. *Network UK* was set up three years ago by activists interested in improving animal health in low-income farming communities in poor countries, and began as an information network on the internet, run by a small but dedicated group of professionals volunteering their time and specialized skills. Within a year, a similar organization had formed in Sudan and the plan is now to catalyse a network which will support initiatives of this kind across the world. This is a value-driven, 'virtual organization' (in Handy's 1995 phrase) at the cutting edge of thinking about the third sector, using emerging information technologies and the more familiar principles of international solidarity to steer a course through new ground. It is also an organization which is beginning to challenge the conventional distinction between a 'Northern' NGO which works in a developing country through country offices, or with a 'Southern' NGO partner organization from that country, since *Network* is a network of people exchanging ideas and information with no particular geographical base. Very few NGOs are able to stand still for long, and in a sense all three of the NGOs which have been briefly reviewed here are moving towards hybridity as they combine management approaches and tools from the private, public and third sectors in order to remain effective in a changing environment.

Among some researchers on development, interest in NGOs has begun to take on a more critical, reflective tone as the emphasis has shifted away from the notion of NGOs as a 'magic bullet' for poverty reduction (Hulme and Edwards 1997). There is more serious thought being given to questions of efficiency, accountability and effectiveness within NGO work (Fowler 1997). NGOs are increasingly being viewed as just one type of development actor within a wider institutional landscape which includes the state and the market, and in which ideas about the promotion of synergy are gradually taking precedent over rather mechanistic notions of 'comparative advantage' and the dogma of privatization policy (e.g. Tandler 1997). Perhaps there is in the air a more realistic view of what NGOs can and cannot achieve: however, relatively little consideration has been given, in either the development or the management literature, to the question of whether a set of distinctive management challenges exists for these non-governmental development organizations.<sup>3</sup>

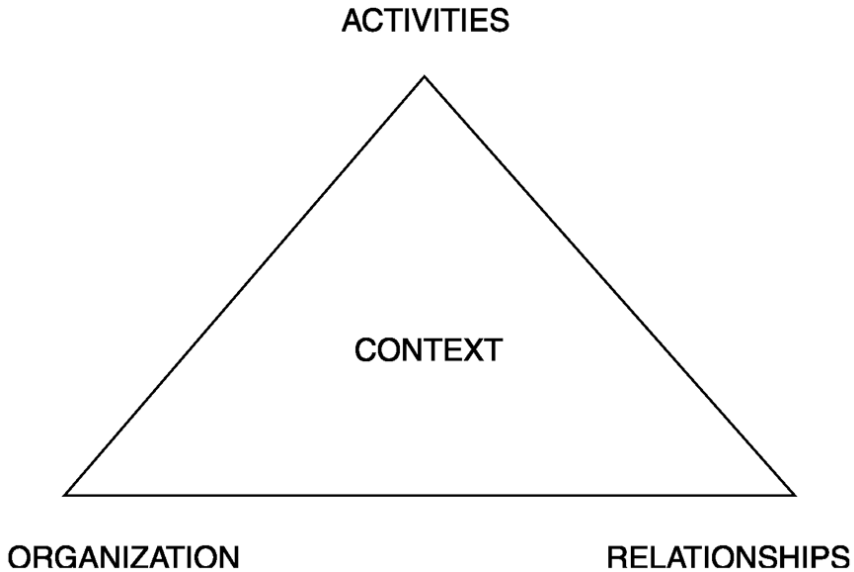
The growth of academic research on third sector organizations working within industrialized country contexts (where they are often termed 'voluntary' and 'non-profit' organizations) is a largely unexplored area for researchers familiar only with the world of NGOs and development. Some of

this literature *does* engage with questions of organization and management in more depth than the NGO literature, and this book tries to make the case for linking insights from both literatures. However, as might be expected, there are important limitations in the fact that such work rarely moves beyond the United States or Britain in its geographical focus (Lewis 1999a).

### *The structure of the book*

A book such as this must remain modest in its objectives if it is to stand any chance of being taken seriously, because the subject is one which defies simple generalization. The intention is therefore to present a selective review of the main issues of NGO management from my own perspective, based on research and consultancy work in the NGO and development field over the past ten years, and on five years of teaching a postgraduate course on NGO management mainly with NGO staff from developing countries.<sup>4</sup> As we have seen, there are as many different types of NGOs as there are organizational forms, and there are as many different areas of work which concern NGOs as there are sides to debates about what 'development' means and how problems of poverty and social justice can be addressed. As Morris-Suzuki (2000: 68) points out, 'NGOs may pursue change, but they can equally work to maintain existing social and political systems.' There can be no generalized definition or understanding of 'NGO management', but a range of themes and debates can be exposed. In undertaking such an exercise, more can be learned about the ways NGOs work as organizations and their potential roles in development.

The structure of the book takes its form from Figure 1.1, which sets out the three inter-related areas of the NGO management challenge. Despite their diversity, all NGOs need to manage in three main areas – the organizational domain of their internal structures and processes; their development activities, which may be in the form of projects or programmes, campaigns or services; and finally their management of relationships with other institutional actors – the state, the private sector, other NGOs and organized components of the communities in which NGOs operate. In the centre of the triangle is the crucial variable of 'context', against which an analysis of any NGO must be placed, and which has political, historical and cultural dimensions. It may vary over time, as when a change of government in a particular country opens new doors for NGO activity or conversely brings a new set of restrictions. The context also varies from place to place, and makes it difficult to draw NGO management lessons from a specific country context such as Bangladesh – where NGOs have been shaped by distinctive processes of culture, history and politics – and unthinkingly apply them to other country contexts in Europe, Africa or Latin America.



*Figure 1.1* The three inter-related areas of the NGO management challenge

The structure of the book reflects these ideas and concerns. The book is divided into two parts. In Part I, before moving to a discussion of management *per se*, it is necessary first to consider some of the main differences in context and history in relation to NGOs, which forms the main subject of Chapter 2. It is also important to discuss in general terms the relationship between NGOs and the 'development industry' which has emerged since the Second World War, and this forms the subject of Chapter 3. Chapter 4 moves on to discuss in general terms how the concept of management might relate distinctively to development NGOs as specific kinds of organization. In Part II, we discuss in turn the three corners of the triangle presented in Figure 1.1. Chapter 5 covers the main activities undertaken by NGOs, which largely fall under two headings – service delivery and advocacy. In Chapter 6, NGO relationships are considered in relation to state, business and other development agencies and the problematic idea of 'partnership' is analysed. Chapter 7 brings us to the internal management issues of development NGOs, while Chapter 8 concludes by drawing the themes of the book together and considering the overall theme of 'NGO management'.

Some further information and a few caveats will clearly be needed. First, the focus of this book is primarily on development NGOs (as opposed to those working in humanitarian relief, human rights, conflict resolution or environmental campaigning) and the primary emphasis is on Southern

NGOs rather than Northern ones, although the latter do receive considerable attention. Second, there is likely to be some geographical bias, since my own experience is drawn mainly from work in South Asia. However, wherever possible, an attempt has been made to illustrate the text with examples from all over the world. Third, this is not a book about 'how to manage an NGO'. Other people would be far more qualified than I am to write such a book, although I have my doubts, given the diversity of organizations, approaches and contexts, whether such a book could be written with any degree of usefulness. The tone of this book is intended to be discursive rather than prescriptive in that it is hoped that by reviewing the relevant literature, a preliminary understanding of our subject can be achieved, and that through further action, debate and research, this understanding can be taken forward. It is hoped that the main audience for this book will be students of development policy and management, at either graduate or undergraduate level; also that those interested in development management and people working 'on the ground' in NGOs might also find parts of the book useful.

### **The growing – but reluctant – interest by NGOs in questions of management**

We have yet to see the evolution of a clear set of ideas about the management challenges of NGOs or the emergence of a distinctive field of 'NGO management'. Part of the reason for this lies with the fact that for many years NGOs have not taken management very seriously. At times, parts of the third sector have expressed hostility towards the whole idea of management, which it has seen as belonging to another, alien, set of ideologies and concerns. While people in NGOs have often been committed activists, they have been reluctant managers. There are at least five sets of reasons for the reluctance with which management has been associated with development NGOs.

The first is that many NGOs are characterized by a 'culture of action' in which NGO leaders and staff are reluctant to devote significant amounts of time to thinking about organizational questions, because such a prioritization might interfere with the primary task of 'getting out there and doing something'. This may, as Korten suggests, be particularly true of NGOs in their early stages of evolution, since the origins of many NGOs lie in the efforts of key individuals to mobilize efforts based on altruism:

They have relied upon high moral purpose, good will, hard work, and common sense to make them successful. Until recently the application of effective professional management techniques, and in some instances even the acquisition of technical competence, has not been seen as relevant to their purposes.

(Korten 1987: 155)

A second reason is the widespread view, particularly among the public and donors, that NGOs should use almost all their funds for working with poor people and should not spend money on administrative overheads or waste too much time on administrative questions. As Smillie (1995: 151) suggests, there is a 'powerful public myth that development should be cheap' which has led in some quarters to a tendency to take low NGO administrative overheads as one of the main criteria for judging success. A third reason is the fact that development NGOs may be established by people consciously searching for 'alternatives' to mainstream thinking, and that the subjects of management and administration, with their strong associations with the business and the public sectors, are 'tainted ground' for these kinds of organization. The reluctance of some NGOs to take management seriously has sometimes been based on a fear of what Chambers (1994) has called 'normal professionalism', which negates many of the stated values and priorities of NGOs in their work. Normal professionalism, in Chambers' view, gives preference to rich over poor, 'blueprints' over adaptation, things over people, quantity over quality, and the powerful over the weak. This has led Korten to point out that

Some NGOs actively espouse an ideological disdain for management of any kind, identifying with it the values and practices of normal professionalism, and placing it in a class with exploitation, oppression and racism.

(Korten 1990: 156)

The rapid growth and change which many NGOs have experienced means that NGOs are always 'one step behind' in thinking and taking action around organizational responses. This brings a fourth set of possible reasons into the frame. NGOs which have started out as small, informal structures in which management issues can be dealt with on an *ad hoc*, informal basis, may rapidly grow in size if they find favour with donor agencies. In this case they may find themselves developing more complex, multi-dimensional projects and programmes but will not immediately realize that they need new ideas, systems and procedures with which to cope.

A fifth reason for reluctance relates to the power of external forces and pressures. As some NGOs have grown closer to donor agencies, they have been required to develop new systems of accountability, and their efficiency and effectiveness may be questioned and challenged. This has led to the feeling – which is not altogether false – among some NGO staff that much of the impetus for thinking about 'NGO management' is being driven from outside and is therefore suspicious. Management agendas have at times taken the form of an imposed 'managerialism', rather than emerging organically as part of an NGO's own agenda. A good example of this is the ongoing debate about efforts by Northern NGOs to bring about the 'capacity building' of Southern NGOs – at least until recently, capacity building was widely seen

as something that Northern NGOs 'did' to Southern NGOs rather than as a two-way, exploratory learning process (Lewis 1998c; Simbi and Thom 2000). Another is the popularity of logical framework analysis with development donors, which can make its adoption a requirement for NGOs wishing to secure funds and implement donor-funded projects, and has therefore created strong 'professionalizing' pressures on NGOs (Smillie 1995).

In spite of these complex pressures, and processes of action and reaction, there has in recent years been a small but evolving history of initiatives dealing with NGO management issues, which arguably signify the potential importance of NGO management as a field. Interest in management and organizational issues in the North started to appear in the mid-1980s when the 'NGO Management' newsletter was produced from the International Council for Voluntary Agencies (ICVA) in Geneva. This newsletter laid the groundwork for discussing the concept of NGO management, and carried some lively debates, but it had ceased publication by the early 1990s, though it is not clear whether this was because it had already served its purpose of putting the subject on the agenda or whether its members ran out of funding or enthusiasm. The International NGO Research and Training Centre (INTRAC) was established in the UK in 1991 and has grown steadily since that time. In the US, the Institute of Development Research (IDR) in Boston has for many years worked on organizational issues for NGOs, while in the South, among other organizations, the Society of Participatory Research in India (PRIA) and El Taller in Tunisia have also pursued NGO organizational training and research agendas.

The subject of NGO management has also more recently become popular again as renewed interest in 'civil society' has led to the creation of global citizen organizations such as CIVICUS. The issue of NGO staff management training has been addressed by new multi-agency initiatives such as the Global Partnership Program for NGO Studies, Education and Training jointly organized by the Organization of Rural Associations for Progress (ORAP) in Zimbabwe, the Bangladesh Rural Advancement Committee (BRAC) and the School for International Training (SIT) in the United States. For some organizations, there is a realization that NGO staff may have focused a disproportionate amount of attention on 'where they want to go' and less on 'how they might get there'.

The preoccupation with NGO 'capacity building' which arose in the 1990s was a reflection of many things, such as the search for new useful roles by Northern NGOs. No longer wishing to implement their own projects directly in low-income countries, and bypassed in some cases by bilateral donors eager to work directly with third sectors in these countries, many turned instead to the challenge of 'building the capacity' of their local 'partner' third sector organizations (Smillie 1994; Lewis 1998c). The increased attention being paid to the management of NGOs therefore has both a positive and a less benign side. But the capacity building issue also

indicated a concern that NGOs in developing countries could, with the right kind of organizational support, strengthen their roles as development actors in providing services, building democratic political processes and advocating for policy change and development rights. However, capacity building has remained an area of conflict and confusion, embodying both the risk of managerialist tendencies in the training agendas it has spawned (witness the many NGO training consultancy businesses and websites which have recently emerged) and the debates over power and autonomy which have led many to question Northern assumptions about Southern organizations, and to re-evaluate the concept of 'partnership' so readily deployed in current discourses of development policy and practice.

It is possible to identify two contradictory trends within the world of development NGOs, in which some organizations continue to see management issues as being 'in the way' of their work and at best a remnant of a previously undesirable mainstream, while others rush headlong towards the solutions promised by the 'management gurus' who emerged in the private sector but of whom some have recently begun to notice the existence of other kinds of organization (Drucker 1990). A similar, and at times parallel, debate has been under way in the British voluntary sector about the nature and roles of management. The weakness of many radical voluntary sector initiatives in the 1970s and 1980s was sometimes attributed to 'a serious misunderstanding of how management works' based on factors such as ideological rejectionism, cultural snobbery and a short-sighted inability to see management in terms other than those of 'command and control' (Landry *et al.* 1985). More recently, it has been argued that, after this period of neglect and disdain, and in an effort to embrace the idea of management more fully, some British voluntary organizations then went on to over-react in the other direction:

What is interesting is not merely that the voluntary sector developed a self-conscious concern with management but also that when the voluntary sector took up management it did not look for knowledge and best practice within its own ranks, but rather turned to the private sector for its concepts and practices.

(Leat 1995: 7)

On the other hand, there are more positive examples from the wider third sector which illustrate how some organizations have approached management issues more successfully. Debates about management and organization have a long history in the world of 'alternative' organizations in the third sector. In the women's movement in the United States, for example, the experience of seeking to reject formal organizational forms in favour of experimental collectivism famously led to Freeman's (1973) critique of 'the tyranny of structurelessness', in which it was found that the lack of organizational structures merely allowed charismatic leadership and



individualism to run riot, subordinating organizational aims to personal agendas. Later work on women's third sector organizations in New York has shown that some of the most effective organizations were those which managed to combine elements of traditional bureaucracy and hierarchy with informal or 'collectivist' structures which reflected the alternative values of the organization (Bordt 1997).

Nevertheless, some development NGOs have revised their opinions about management and rushed headlong into trying to import the latest management techniques from the private sector in an attempt at quick-fix solutions to perceived management weaknesses. For example, it was common for many Northern NGOs during the 1990s to emphasize the need to develop systems for strategic planning, which has been a popular business management technique from the 1970s onwards, precisely at the time when some private sector management theorists (such as Mintzberg [1994], who earlier had been one of the originators of the whole idea) were becoming acutely aware of its limitations.

There is, however, a new interest among development NGOs in striving to improve management practices both within their agencies, in terms of their programmes and projects, and in the relationships which they pursue with other development actors. There are both internal and external factors which are now influencing this process. The disillusionment among many development donors accustomed to working only with governments in many parts of the world, and the growing evidence of poor results of government projects and programmes, motivated a search for alternative channels for development assistance (Edwards and Hulme 1995). Having brought NGOs more fully into the mainstream development policy processes, pressures of accountability then led some aid donors and policy makers to examine more closely whether NGOs are properly equipped to play these new high-profile roles. Studies undertaken by or for aid donors such as those by Stark Biddle (1984), Tandler (1982) and Riddell (1999) were frequently less than flattering about the realities of the claims made by and on behalf of development NGOs. These studies found that many of the taken-for-granted advantages and achievements attributed to NGOs could not be uncritically assumed, and showed that the positive press which NGOs often received was in some cases based more on wishful thinking than on hard facts. Not all of the pressure for management thinking was driven from the outside. As NGOs have grown in scale and ambition, some have themselves recognized limits to their own effectiveness and begun to examine management and organization issues in more depth, recognizing that idealism and alternative ideas require a sound organizational framework if they are to make any impact on longstanding and complex problems of poverty and inequality.

What types of management problems have been identified in relation to development NGOs? These inevitably vary from organization to organization and context to context, but some patterns emerge and there are many quite predictable common problems. For example, Sahley (1995) highlights

recurring areas of organizational weaknesses for NGOs. These will be familiar to many who work with or observe these organizations, and form a useful starting point. For many NGOs management is not an explicit priority, and NGOs may be preoccupied with a focus on short-term details rather than on longer-term horizons and strategy. There is often a wish for NGOs to respond immediately, with little time for learning or reflection, and NGO responses are frequently 'over-committed and emotional' rather than achievable. There may be an inability to decentralize decision making, and it is rare to find true collaboration or partnership with other agencies. Individual agendas are often imposed on the overall NGO organizational remit, and there is an insecure funding climate which inhibits planning, and this ultimately produces a tendency for NGOs to maintain a 'grant mentality' rather than seeking to mobilize resources more widely.

There is no doubt a 'managerialist' edge to some of this new interest in the organization and management of NGOs, which may over-emphasize financial accountability and advocate the wholesale importation of private sector 'quick-fix' management techniques and solutions. However, the argument of this book is that the management of development NGOs is a legitimate area for concern and study because it promotes discussion and debate about improving the ways in which NGOs go about their work. Not only does it seem that many NGOs may have paid more attention to the 'what' rather than the 'how', there is increasing concern that NGOs may be in danger of being promoted beyond their levels of competence – that having raised their profile they may be seen as having over-reached themselves (Edwards and Hulme 1992).

NGO management will clearly be a diverse and diffuse field for study and action, requiring a complex mix of concepts and skills which draws upon a combination of generic management ideas and more specialized solutions which reflect the distinctive characteristics and activities of NGOs as 'third sector' organizations. In addition to the organizational diversity of NGOs, a key problem is the nature of the work that NGOs do. There is no clear agreement on what 'development' really means, and this problem therefore often makes it difficult to discuss 'development management' with any clarity. Many NGOs do not see themselves as doing 'development' at all, particularly those in the campaigning field or those which do not choose to work with the international development industry. A second problem is whether NGOs as groups can really be distinguished from other kinds of third sector organizations, because it is not enough to make a simple distinction between 'developed' and 'developing' country contexts, or 'welfare' or 'development' approaches – in the end, these are questions of labelling and judgement rather than indisputable fact. For example, the Highlander Institute in the United States described by Gaventa (1999) works locally with Appalachian communities but has a wide range of contacts and initiatives with NGOs in developing countries, and effectively

dissolves the conceptual distinction between the US 'non-profit sector' and the world of development NGOs.

### **The idea of management**

We turn now to the concept of management in order to consider its various meanings and the ways in which it might be applied to NGOs. There is a distinct academic field of management studies with diverse themes and debates, as well as a range of popular 'self help' books on management. NGOs face a set of management problems which they share, at least in part, with any other organization, and it therefore follows that these issues can be explored by exploring relevant ideas from within the wider world of management. However, we must bear in mind that there are two strong elements of bias in this literature: the first is the fact that management as defined in much of this work is concerned predominantly with the management of commercial business (while most NGOs see themselves as not-for-profit organizations); the second is that there is a tendency to focus on Western ideas and models (while NGOs work predominantly in non-Western cultures and contexts) and there will therefore be considerable areas of NGO management where such ideas may not apply.

The study of management has become a vast research field with a range of different approaches and paradigms, and like that of development is characterized by tensions between academics and practitioners.<sup>5</sup> The study of management has been characterized as 'a mysterious thing in so far as the more research that is undertaken the less we seem to be able to understand' (Grint 1995: 3). Modernist management writers such as Taylor and Fayol, who laid the early foundations of the field, based their analyses on an understanding of organizations as logical machines which required systemic maintenance and fine-tuning. Management was seen as a rational science in which improvements in efficiency could be produced by the 'right' changes to structure and process. The 'classical' management theorists drew to some extent on principles which came from military and engineering thinking, and saw management in terms of 'planning, organization, command, coordination and control' (Morgan 1997: 18).

In stark contrast, current researchers such as Stacy (1992) prefer to argue that chaos theory is a more appropriate conceptual framework with which to understand management dynamics because there is little real scope for predicting how managers and organizations will behave. In this view, there is always both order and disorder existing side-by-side, and organizational success is seen to come from an ability to manage the 'chaotic edge' between disintegration and ossification. Writers on management informed by the 'chaos and complexity' approach argue that only an understanding of ambiguity and paradox has the potential to unleash creativity. There is now a noticeable lack of confidence among management theorists as earlier modern, rational paradigms of controlled organized activity have gradually

given way to views which place a heavy emphasis on uncertainty, rapid change and an absence of measurable, objective practice.

Definitions of management range from those which emphasize 'control and authority' to others which speak of 'enablement and participation', from the functional definition of 'getting the work done by the best means available' to the more diffuse idea of 'reducing anxiety'. The analysis of management has tended to distinguish two main groups of approaches to the concept (Thomas 1996). The first is 'blueprint' or 'scientific' management which stresses control, hierarchy and instrumentality, and this approach is often stigmatized as being 'top down' by development people. The second is 'people-centred' or 'enabling' management, which by contrast emphasizes process, flexibility and participation, and which has found favour with writers on development management such as Chambers (1994) and Friedmann (1992). The 'command and control' side of management has tended to alienate some senior staff in NGOs, who may instead choose to see themselves as 'facilitators', 'organizers' or 'coordinators'. In a survey of the directors of US NGOs undertaken by Stark Biddle (1984), there was a clear reluctance among most of these managers to accept that their organizations could be run like other organizations because of their 'difference', which these managers saw as stemming from staff values which prioritized community participation, the closeness of the NGO to the poor and the need for overall organizational flexibility. These managers seemed to feel worried that they would become 'contaminated' by the 'mainstream' values of hierarchy and authority. Nevertheless, the evidence gathered by Stark Biddle pointed to a set of common basic management weaknesses among these organizations which had apparently not been addressed through these NGOs' 'alternative' stance in relation to management.

A second area of management which is important to NGOs is the distinction made between values and action – between the 'instrumental' and 'expressive' elements of the management process. In the context of the British voluntary sector, Paton (1991), for example, has argued that the functions of management (such as controlling, planning, motivating, directing or monitoring) can be distinguished from the style of this management (such as consultative, participatory, cooperative or top-down). In other words, the fact that something 'gets done' is only one aspect of management, because it may also be important to consider the *way* in which it is done. This dichotomy is particularly important for thinking about third sector organizations, because most third sector organizations tend to assert the primacy of 'values' in their organizational set-up. Some NGOs have been observed going so far as to suggest that the fact that they are trying to do something about a problem is more important than worrying about whether what they are doing is effective or adequate (Riddell and Robinson 1995). An issue of current concern for NGOs is the idea that as third sector organizations engage in closer relationships with states and donors in contractual service delivery roles, they may take on more and more of the

characteristics of private sector or public sector organizations and lose this distinctive, value-driven character (Edwards 1996; Fowler 1997).

The dangers of managerialism, which are familiar from debates in the public sector, are implicit in aspects of the new NGO management agenda traced earlier in this chapter. Pollitt's (1993) reflections on public sector management are particularly relevant to our discussion, and demonstrate the potential pitfalls for NGOs of taking on board management ideas uncritically. Pollitt defines managerialism as an apparently self-evident – though in practice seldom tested – truth that 'if things are better organised they will improve', an assumption which brings controversial and even contradictory implications. For example, it tends to create a type of thinking that decrees that when new challenges or problems arise solutions can always be found from within the status quo, a perspective which can easily become oppressive and exploitative to staff. It can also suggest, with more idealistic overtones, that answers to problems can be found 'to hand' and solutions can be built with the help of creative thinking and leadership. Nevertheless, Pollitt argues that at the core of managerialism is the implication that progress is subject to increases in economically defined productivity and the application of increasingly sophisticated technologies, and that managers – as distinct from other elements of the organization – hold the key to positive change. Managerialism tends to see the private sector as the leading exponent of practice from which others must learn, and identifies an opposition between itself and its 'enemies' among the public sector and civil society in the form of bureaucrats and trade unions.

Managerialist approaches have the obvious danger for NGOs that other kinds of organizational values such as friendship, voluntary cooperation or politics are squeezed out and become marginalized and undervalued. On the other hand, research such as that carried out by Stark Biddle (1984) and Dichter (1989a) indicates that there are NGOs which lack even the basic common sense management structures and principles, and that a more rational application of management means to ends would be a worthwhile endeavour. However, within an organization such as an NGO, which is driven by development values, one of the key management challenges is the need to pursue the expressive aspect while maintaining or increasing effectiveness. We will return to these issues in Chapter 4.

### **The rise of development management**

There has been increasing disillusion with purely state-centred efforts to solve development problems through public action, and there has been a corresponding decline in the tradition of 'development administration', which was once a vibrant sub-field within the wider field of public administration. Policy was previously seen in 'prescriptive' terms, in which governments took action to promote development. At the level of practice, early approaches to development projects were generally 'top down', in that

they were based on the logic that 'development' was needed in a particular place, that the technical, spatial and administrative boundaries of its operation could be measured and that outcomes could be measured in what became known as the 'blueprint' approach (Gardner and Lewis 1996).

There is now greater acknowledgement that policy is best seen as 'process', referring to the actions of public institutions, both governmental and non-governmental, within a long-term historical perspective (Mackintosh 1992: 1). There has been a growth of research on the area of 'development management', which is intended to reflect the principle that both public and private efforts at bringing about development are increasingly relevant, and that 'management', rather than simply 'administration', is the matter at hand.

What makes development management a distinctive form of management in this new paradigm is that, broadly speaking, it is focused on the achievement of social goals outside the organization rather than on internal objectives such as making a profit (Thomas 1996). In the context of NGOs, the new interest in development management is fertile ground which needs to be explored for possible clarification and new thinking. If NGOs are understood as third sector organizations concerned with the promotion of development objectives, then NGO management arguably forms a sub-set of wider development management. The problem is that there is no clear agreement about how to define the management of development, because efforts to combine ideas about the concepts of 'management' and those of 'development' are far from straightforward.

Development itself is in many ways one of the most slippery concepts of the late twentieth century, with very little agreement as to its meaning. It is generally used to mean positive change or progress, but can also be used to imply natural metaphors of organic growth and evolution, and the *Oxford English Dictionary* gives its meaning as 'a stage of growth or advancement'. Thomas (1996) points out neatly that development can refer to both deliberate attempts at progress through intervention, or to the efforts of people to improve their quality of life through their own efforts. As a verb it refers to the activities required to bring these changes about; as an adjective, it implies a value judgement, a standard against which things are compared – the implication being that the South is undeveloped or being developed, while the North has already reached a state of development.

Until relatively recently, development was debated primarily in economic terms, with a concentration on growth rather than distribution, and on statistics rather than actual people. At the level of theory, the previous polarization between the concepts of 'modernization' (the idea that to develop poor societies needed to achieve economic take-off and free themselves of 'traditional' social and cultural impediments, and that the benefits would eventually 'trickle down') and 'underdevelopment' (the idea that poor countries had been actively underdeveloped by direct colonization and unequal terms of trade, and that development was not possible without

large-scale structural change) gave way to an 'impasse' (Booth 1994). The resulting vacuum has been gradually filled by a variety of ideas, among which action by NGOs has occupied a central position. The concept of 'human development' devised by the United Nations Development Programme (UNDP) provides the means to assess development using non-material measures, and draws upon Sen's (1983) 'capability approach', which sees development in terms of the capacity of individuals to make choices which allow them to expand quality of life. Quality of life in this approach includes non-material benefits such as political freedoms, equal opportunities and improved environmental and institutional sustainability.

Postmodern ideas about development have emphasized diversity, the primacy of localized experience and the colonial roots of discourses (Escobar 1995). It has been suggested that there are no generalized answers and solutions, and that there be emphasis on strategies rather than solutions. There has been a focus on 'actor-oriented' accounts of social change (a term coined by Long and Long [1992], drawing in part on Anthony Giddens' writings on the relationships between individuals and structure), on local action, indigenous knowledge, participation, sustainability, empowerment, popular movements, and a range of other areas of development policy and practice concepts – i.e. on 'bottom up' rather than 'top down' approaches. These positions see development practice and research as non-linear, unpredictable and with complex and 'open' systems. They set great store by participation of the subjects of enquiry in the research process, and seek explicitly to bridge the gap between research and practice and between different academic disciplines and theories. For example, Chambers has been influential in developing a set of ideas about changing personal behaviour and attitudes within organizations ('reversals'), arguing that what is needed is to stem and reverse trends of dominance and deception, through personal changes and action by the individuals in power who determine policies, procedures and organizational cultures (Chambers 1983, 1994).

In the wake of grand theory, the 'development as empowerment' approach (e.g. Friedmann 1992; Black 1991) emerged as the means to link theory and practice and avoid the pitfalls of the top-down paradigms. Psychologically and organizationally, grassroots capacity is built through experience of collective self-help to assert greater control over the environments in which people live. NGOs could play a role in linking local action back into processes of national and structural change, and Korten (1987) argued that NGOs could contribute to empowerment within political processes which link grassroots initiatives, broader social movements and political organizations to build what he termed 'people-centred development'. More recently the concept of 'social capital' (e.g. Putnam 1993) has been brought into development debate, as NGOs and the third sector are seen as contributing to the creation of cross-cutting social ties and networks which might form the basis for collective action and increased levels of democratic participation.

In two recent articles, Thomas (1996, 1999) has tried to explore the ways in which the concepts of development and management are related. Thomas shows that while the term 'development management' refers crucially to people, it nevertheless also expresses ideas about authority and power. It cannot therefore be detached from the political discourse which links development as an idea with institutions and communities around the world. As Staudt writes in her introduction to a book on this subject:

development management ... involves more than adopting some bag of tricks from, say, western corporations, assuming techniques work the same way everywhere. Development management is inherently political and the text stresses the diagnosis of political contexts and organisational politics more than techniques.

(Staudt 1991: 3)

Development management debates have therefore centred on the need to decide what the nature is of the development tasks and activities which need to be managed. These of course cannot easily be defined, because development tasks and activities cover a wide-ranging, highly contested territory which includes economic growth, social welfare, resource redistribution, political process, empowerment and human rights. As we have seen, 'development' is a contested concept which is associated with a range of different, sometimes contradictory, approaches to reducing poverty, building capacity and providing social welfare. For some NGOs the delivery of services will doubtless require a set of practices and techniques which could usefully draw upon public and private sector approaches. For NGOs involved in campaigning and networking, perhaps less of this material will be of value, and new approaches are needed.

Thomas (1996) suggests that development tasks involve four distinctive elements: the directing of efforts towards external goals as well as internal organizational ones; an emphasis on influence and intervention in social processes rather than simply using resources to meet goals directly; a lack of agreement on exactly what needs to be done leading to values-based debate and conflict; and the centrality of process and continuity and not just task. Thomas goes on to suggest that the two views of management discussed earlier (top-down, instrumentalist as opposed to participatory, unpredictable) are not in the end mutually exclusive. There may also be circumstances, as in the case of the cooperative case discussed above, when the 'command and control' variant of management is an appropriate one. Thomas suggests three ways of approaching development management. The first is termed 'management in development', which is simply management in the context of long-term historical change. The second is 'management of development', which is management of the deliberate efforts at progress undertaken within more formal development initiatives. The third is 'management for development', and this third type, which is management



with a specific development orientation, is not the same as just good management, as his 1999 article goes on to show, because it is important to evaluate how well development tasks have been undertaken. In this way, both the instrumental and the expressive elements of management are combined.

NGO management can therefore be seen as an area of 'development management', but this realization does not in the end get us very far, since there is no broad agreement on what are the tasks to be managed in development – merely a range of complex choices based on ideology, analysis and objective.<sup>6</sup>

### **The new field of 'third sector management'**

As we saw earlier, NGOs are organizations with two distinct sides to their identity – as well as being development organizations, they are also part of the larger family of so-called 'third sector' organizations. This larger family includes a wide range of organizations which are neither part of the government sector, nor are they for-profit businesses whose *raison d'être* is the making of money. The third sector includes education establishments, pressure groups, religious organizations, trade unions, recreational clubs, community self-help initiatives and charitable welfare societies.

Within the growing body of academic research specializing in the third sectors of Europe and North America (e.g. Powell 1987; Salamon and Anheier 1994) we can identify a growing section concerned with organization and management issues (e.g. Batsleer *et al.* 1992; Billis 1993; Harris 1999; Hudson 1995) and this research has obvious implications for understanding NGO management, since almost all third sector organizations will arguably have at least some types of management issues in common.

Researchers working on the third sector have investigated organization and management issues in far more depth than their development NGO colleagues. A group of third sector scholars have set about developing a body of new theory, concepts and models which would reflect the distinctiveness of many of the management challenges of the third sector, based on research into these organizations. For example, Billis and Harris (1996: 6) stated, in a discussion of the application of knowledge to organizational issues in the British voluntary sector, that 'existing theories developed for other sectors went so far, but not far enough', and much of their work has been concerned with explaining this distinctiveness. Such work therefore draws on – but also challenges – areas of 'mainstream' organization theory (most of which has been developed with reference to the commercial and government sectors). An example is Billis' ideas about organizational choice, which assert that theories about the inevitability of organizational change based on resource dependency and ecological perspectives have only a weak application to some third sector contexts.

Little of this work has been systematically explored in terms of its relevance (or otherwise) to NGO management issues, despite the rather obvious possibilities such a comparison would appear to offer. For example, the large quantity of research on the organizational implications of the growth of contracting relationships between voluntary agencies and local government in the provision of social services – the so-called ‘mixed economy of care’ – which took place over the past decade or so in Britain and the United States (e.g. Smith and Lipsky 1993; Kramer 1994) could carry lessons for those interested in the ways in which, in countries such as Bangladesh, large local NGOs are increasingly taking over responsibilities for delivering services which were previously the responsibility of the state (Wood 1997), and as NGOs more widely become embroiled in ‘partnerships’ between the government and international donors (Lewis 1998b).

Since this third sector research literature is primarily concerned with Northern contexts, and with organizations engaged in welfare work and social service delivery, there will be significant differences among third sector organizations in Northern and Southern contexts. At the organizational level, cultural norms and rules mediate organizational forms, while at the level of the environment no-one would want to pretend that working in Britain is in any way comparable with the context NGOs face in Somalia. Nevertheless, there may also be areas of basic similarity between third sector organizations, and third sector scholars argue that we might also expect them to face a common range of distinctive organizational and management challenges that are qualitatively different to those in either the public or the for-profit sectors. In his work, Gaventa (1999) makes the case that under the current global economic changes it is increasingly becoming possible to talk of ‘Norths in the South’ and ‘Souths in the North’, because islands of ‘Third World-like poverty’ exist in parts of otherwise rich countries and wealthy minority communities are common in many otherwise poor countries.

Alongside the generic organizational issues discussed in the previous section, we now turn to a brief discussion of some of these distinctive issues, which draws upon the emerging field of non-profit theory. At a very basic level, Handy (1988) suggests that third sector organizations are essentially ‘value-driven’ organizations and that this poses distinctive management challenges, because people work in these voluntary organizations from a variety of public and private motivations: a sense of altruism, an escape route from dominant ideologies, or increasing public status from being a member of an NGO board. In addition, third sector organizations differ from the other two sectors in that there is no clear link between the providers of funds and the users of the services (Hudson 1995). In the private sector customers pay for goods and services at a market price; in the public sector people can vote officials in or out of office. These elements of third sector distinctiveness generate distinctive management challenges such as difficulties in monitoring organizational performance, problems of managing multiple accountabilities, the need for intricate management structures in order to

balance multiple stakeholders, conflicts between voluntarism and professionalism, the need to maintain sight of the organization's founding values and the tendency for third sector organizations to set vague organizational objectives.

Research on NGO accountability, the role of boards of governors and the organization of staffing and volunteering, are all areas of management from which models and concepts developed in the wider third sector might be applied to development NGOs. There are, of course, obvious dangers to the idea of importing and imposing yet more Western models in the name of development. As Baig (1999) shows in a paper which reviews the role of NGO boards in Pakistan, using concepts developed by Harris (1999) in the UK, there is only so far that one can go with such an approach, but it is nevertheless demonstrated to be a potentially fruitful one.

### **Approaching 'NGO management'**

Despite the overall lack of research attention which NGO management has received, there has been the emergence of what Stewart (1997) terms 'a school of NGO management science'. This can be traced to the late 1980s and early 1990s when a series of short articles appeared in the pages of the ICVA's *NGO Management* newsletter and later in some of the academic development journals, and I have termed this the 'NGO management debate'. It took the form of a discussion between writers on NGOs and development, some of whom were excited by the new emphasis on 'alternative' management practices – such as empowerment, participation and other bottom-up approaches – while others were frustrated at the ways in which the idealism of NGOs, along with the growing expectations of funders and policy makers, often seemed to outstrip NGOs' own understanding and practice of basic management skills.

From this first perspective, Korten had written in 1987 that a new management paradigm was emerging among development NGOs, which was being influenced by, among others, the work of Robert Chambers, which embodied a set of emerging 'alternative management approaches' designed to address the problems which had become apparent within top-down, professionalized development management approaches. Korten spoke of a 'new development professionalism', in which

Rather than supporting central control, [these NGOs] ... support self-assessment and self-correction driven by a strong orientation to client service and a well-defined sense of mission. Highly developed management systems provide rich flows of information to facilitate these self-management processes.

(Korten 1987: 156)

An example of this was the evolution of the existing concept of 'strategic planning', in which a specialized planning unit developed a blueprint which is often then resisted by other staff at different levels of the organization, into the newer idea of 'strategic management', which, if undertaken properly, becomes a more inclusive, consultative process that brings staff at all levels of the organization into the identification and implementation of organizational choices.

Dichter's (1989a: 387) counter-argument was that development NGOs needed to be able 'to walk before they can run'. In one short case study, for example, Dichter described an organization in which leaders and staff were given courses in participatory leadership training by a well meaning development organization when they really needed to learn far more basic practical management skills such as 'how to set up and keep administrative, accounting, book-keeping, and record-keeping systems for the co-op'. In another case, Dichter related how a Northern NGO, planning to establish a presence in West Africa, provided a preliminary state-of-the-art 'development management' training to its expatriate executive director, who then went to set up the local country office and proceeded to make two basic management mistakes. First, the director did not pay attention to the need to make sure that the right person was carefully recruited for the job, and without any feel for local culture or job markets appointed a person too quickly who turned out to be unsuitable. Second, he neglected to make sure that basic information systems were established, selected an office in an inappropriate area of town, and neglected the practical matter of setting up a proper vehicle maintenance programme. Very soon these somewhat prosaic management shortcomings undermined the NGO's efforts to carry out its work successfully. Such problems have not necessarily gone away. More recently Edwards (1999) also found in a study of NGO work in South Asia that lack of attention to 'the basics' of management was an important contributory factor in the failure of NGO initiatives, such as selecting appropriate staff and local partners, maintaining a clear sense of purpose and goals, and maintaining good communications with clients and constituents.

Dichter (1989a) argued therefore that thinking about NGO management needs to start 'plain' rather than 'fancy', and that in his cases the preoccupation with experimental, 'participatory' development management styles was frequently found to be at the expense of more basic management tasks. NGOs needed to understand budgeting and personnel issues; they needed to analyse the markets, legal framework and policy environment within which they operated; and they required a knowledge of how to maintain relationships, information systems and assets. Dichter's case was close to the 'management is management' idea – the argument that no matter what kind of organization we are talking about, generic management rules apply – at least in the early years of a development NGO. Rejecting simple North/South, business/voluntary or top-down/bottom-up dualisms, he suggested that basic management principles

are not that different for North and South, or for business and the not-for-profit sector. ... Indeed, if 'good' management in a generic sense exists, it encompasses task, people, process and organisation. What makes for salient differences are context and the ends of management. These cannot be ignored, any more than we can forget that different theories of management are themselves contextual.

(Dichter 1989a: 385)

Both Western and non-Western NGOs have been drawn to people-centred participatory management ideas, and these may fit well with the NGOs' overall ideologies and objectives. But such ideas have usually originated in stable, strongly defined organizations in the context of strong supporting structures and institutions. These conditions, Dichter argued, were unlikely to exist in many of the Southern contexts in which NGOs tend to be active. Dichter's assumptions were perhaps oversimplified in assuming that as opposed to the North, the South is 'under-organized' because such dualist thinking can be misleading. But his analysis finds more favour if it is applied to third sector organizations in general, which as we have seen are sometimes too quick to rush headlong towards management approaches which may not always be appropriate.

Should NGOs take management more seriously, and if so, what kind of management models should they be interested in? Do NGOs pay enough attention to the basic 'nuts and bolts' of mainstream business practice? Most NGOs need to be able to keep accounts, assign roles to their staff and make strategic decisions. Certain more innovative techniques from the private sector, such as 'management by objectives' and the social audit, are increasingly part of the world of development organizations. Or will such techniques move NGOs from being primarily value-driven and voluntaristic towards a more professionalized approach to their work? Should NGOs look to the public sector, where new management ideas have arguably provided a range of new concepts and practices for development? For example, the development of 'participatory rural appraisal' (PRA) – despite its strong popular association with NGOs – actually has its roots in the more forward-thinking sections of the public sector in certain parts of South Asia (Biggs and Smith 1998). What used to be termed public administration has in the 1990s undergone a transformation under the influence of what has been termed the 'new public management movement', which has emphasized the use of private sector management techniques, downsizing and privatization (Polidano and Hulme 1999). Is this trend generating ideas which might be useful to NGOs?

Should NGOs turn instead to the growing field of what is termed 'non-profit management', a growth area particularly in the United States where the non-profit sector, it has been argued, now requires a new set of specialized models and concepts to assist these distinctive kinds of organizations to improve their management (Bryson 1994)? Or should

development NGOs – as a diverse and increasingly multicultural group of organizations – seek to develop their own distinctive new management models, perhaps by exploring the possibilities offered by experimenting beyond the boundaries of existing practices, and outside primarily Western templates of organization?<sup>7</sup> These are not merely conceptual questions, and they have implications for policy and practice.



# Part I





## 2 Contexts, histories and relevant concepts

### Introduction

Before returning to the question of NGO management *per se*, the following two chapters explore the background to the current level of interest in development NGOs and the concepts which are now being used to understand and analyse them. In the last decade and a half, there has been a dramatic change in the way in which we see the institutional processes of development. Before about 1985 there was little or no mention of NGOs in the academic literature, save for brief discussion of 'humanitarian' organizations such as Oxfam whose work was seen as somehow separate, different or peripheral to mainstream development. A search of development textbooks from the 1960s and 1970s for mention of NGOs or voluntary organizations yields little. Yet in recent years there has been an explosion of writings on the subject, as NGOs have moved into a more mainstream position in development policy. NGOs have appealed both to activists and those interested in development alternatives, as well as to the 'establishment', and by the mid-1990s, NGOs were becoming the 'favoured child' of the official development donors (Edwards and Hulme 1995). NGOs have been 'catapulted into international respectability' such that governments and multilateral institutions now see NGOs as important actors in development (Brodhead 1987: 1).

Why have NGOs suddenly made this dramatic entry into the development mainstream? On one level, the relatively recent rise of the NGOs is something of an illusion, because NGOs, or 'NGO-like organizations', are far from new. The concept of 'philanthropy', which can be defined in general terms as 'the ethical notions of giving and serving to those beyond one's immediate family', has existed in different forms in most cultures throughout history, often driven by religious tradition (Ilchman *et al.* 1998). Local third sector organizations of various kinds have worked relatively unnoticed in most societies for generations in the form of religious organizations, community groups and organized self-help ventures in villages and towns. For example, the anthropological literature of West Africa in the 1950s and

1960s contains accounts of the adaptive role of local 'voluntary associations' in helping to integrate urban migrants into their new social and economic surroundings (Lewis 1999b). At the same time, the colonization by the European powers of large areas of what we now call the South included the activities of missionary groups whose activities can now arguably be seen as a diverse set of prototypical NGO ventures into the fields of education, health service provision and agricultural development, and included both 'welfarist' and 'empowerment' approaches to community work (Fernando and Heston 1997). Some of the more well established Northern NGOs also have origins which go back far longer than the current period of NGO fashionability. The Save the Children Fund was founded by Eglantyne Jebb in 1919 after the trauma of the First World War. Oxfam – originally known as the Oxford Committee Against the Famine – dates from 1942, when it was established in order to provide famine relief to victims of the Greek Civil War. The US agency CARE has its origins in sending US food packages to Europe in 1946. We will briefly discuss the varied roots and 'hidden histories' of NGOs later in this chapter.

Why do we find that NGOs are currently in the spotlight? There are perhaps at least four main inter-related clusters of reasons. The first can be linked to the emergence of what has been termed the theoretical 'impasse' within development thinking (Booth 1994). It was argued that macro-theories of both mainstream 'modernization' and radical 'dependency' which had dominated development ideas for two decades had lost their appeal, and a search was on for alternative ideas and by extension different organizational actors in development processes (particularly in relation to the state), and NGOs 'fitted the bill'. For example, the work of Korten (1990) illustrates the way in which theorists and practitioners on both left and right, disillusioned with conventional ideas about development, were attracted by new ideas about 'people-centred' approaches. NGOs in both North and South came to be seen as crucial to this new bundle of ideas.

The second set of reasons is related to the development agency perception that governments of both North and South had performed poorly in the fight against poverty. A search for alternatives to public sector action and 'government to government' aid became a priority, because these earlier transfers between governments were felt to have yielded poor results in terms of impact on poverty, and to have contributed to growing levels of bureaucracy and corruption. A pervasive argument gathered force that in general development, policy makers had overestimated the capacity of the state to initiate, implement and monitor development activities. Brodhead (1987) consequently suggested that the new policy interest in NGOs had little to do with any real understanding of the capacities or the potential of NGOs, but was instead driven primarily by a sense of disillusionment that more than twenty years of official overseas development assistance had apparently generated little in the way of measurable results. Many of those

who write about NGOs can be highly critical of the state, and Fisher (1998: 2) speaks of the

increasing inability of the nation-state to muddle through as it confronts the long-term consequences of its own ignorance, corruption and lack of accountability.

There was an opportunistic sense in which people concerned with official aid 'discovered' NGOs and proceeded to invest them with a set of roles within an agenda for improved aid effectiveness.

The two reasons discussed above for the new rise of NGOs focus on their 'discovery' by outside agencies, but this is not the whole story. A third set of reasons centres on the ways in which NGOs themselves have contributed to this new profile in both North and South. As the traditional economic and political concerns of development have shifted in the 1990s to include debates about the importance of environment, gender and social development, a growing NGO presence and policy 'voice' has become apparent. NGOs have begun to gain increased access to policy makers, and have demanded that their ideas, views and models should be taken seriously. This has been achieved through a combination of activism, campaigning and policy dialogue. For example, it seems unlikely that the 1997 White Paper on International Development would have placed so much emphasis on poverty reduction had not the NGO community advocated for a greater poverty focus in the British aid programme for many years (Gardner and Lewis 2000).

At the international level there are other reasons which might explain the rise to prominence of NGOs in international governance. Charnovitz (1997) lists four sets of reasons: the growth of inter-governmental negotiation around domestic policy brought about by integration of the world economy; the end of the Cold War, which removed the polarization of global politics around the two superpowers; the emergence of a global media system which provides a platform for NGOs to express their views; and the spread of democratic norms which may have increased public expectations about participation and transparency in decision making.

Finally, it is possibly the fact that NGOs mean all things to all people that may explain their current ubiquity. NGOs appeal to all sides of the political spectrum. For liberals, NGOs help to balance state and business interests and prevent abuses of the power these sectors hold. For neo-liberals, NGOs are part of the private sector and provide vehicles for increasing market roles and advancing the cause of privatization through private 'not-for-profit' action. Finally, for the left NGOs promise a 'new politics' which offers the chance of social transformation but presents an alternative to earlier radical strategies for capturing state power and centralization (Clarke 1998).

NGOs in short have come to be seen as highly ambiguous organizations within the moral and political frameworks of development policy and practice. They can sometimes display a dual character, as they alternate between theoretical and activist discourse, between identities of public and private, professionalism and amateurishness, market and non-market values, radicalism and pluralism, modernity and tradition, and ultimately perhaps (as in the case of the review into the Rwanda genocide) good and evil. Turner and Hulme (1997) refer to the 'Janus-like' quality of organizations which can combine the rhetoric of Freirean transformative ideology for radical supporters at one moment, and the market rhetoric of enterprise culture for government, business and donors the next. Other critics such as Temple (1997) see NGOs as merely a continuation of the missionary tradition and as handmaidens of capitalist change. In this view, NGOs are modernizers and destroyers of local economies which were once based on age-old systems of reciprocity, into which NGOs introduce Western values to local communities and bring about a process of 'economicide'.

The emergence in the 1990s of what Robinson (1993) called the 'new policy agenda' heralded a period of heightened profile for NGOs. NGOs were identified as suitable vehicles for two new related areas of policy impetus within development policy: the idea of 'good governance', in which NGOs were viewed as public actors with a key role in supporting democratic processes in the political sphere; and the priority of 'economic liberalization', in which the 'private' aspect of NGOs was emphasized, and NGOs were seen as important new market-based actors with the potential to deliver services more efficiently than the state (Edwards and Hulme 1995). At the same time, after the end of the Cold War, there was a related set of policy agendas which saw NGOs as useful policy instruments not for 'development' as such, but for containing disorder in troubled regions of the world such as the former Yugoslavia and the Horn of Africa. NGOs had always been concerned with humanitarian relief and assistance work, but in some quarters NGOs became seen – in Fowler's (1995) apt phrase – as 'ladles for the global soup kitchen' within the process of what Deacon *et al.* (1997) have termed the 'residualisation of welfare'.

The new emergence of NGOs is not only linked with the increasing level of resources which have been made available to NGOs in the South by aid agencies and Northern NGOs, but by the new interest among Southern governments in working with NGOs, particularly in service delivery (Clarke 1998). The bundle of ideas loosely termed the 'new public management' approach to administrative reform, which has dominated public policy in the industrialized world since the 1980s, has also been influential in many developing country contexts and has sometimes been part of conditions imposed by the World Bank and the International Monetary Fund (IMF). These ideas, which generally refer to changes in public management practice which include the purchaser/provider split in public service provision, the use of agency contracting in order to link performance and incentives, and

efforts to improve accounting transparency based on quantifiable output indicators, have contributed to a changing policy climate, in which new roles are opened up for NGOs to become involved in service provision as government structure and roles have been redefined and reduced (Turner and Hulme 1997).

Such changes have mainly affected NGOs engaged in service provision. NGOs are generally highly dependent for 'room for manoeuvre' on the type of government which they find themselves dealing with at the national or local level. Clark's (1991) view that 'NGOs can oppose, complement or reform the state but they cannot ignore it' is a useful summary of the NGOs' basic options. In the public interest the government can legitimately claim the need for financial control of NGOs to ensure probity, and to coordinate the different types of development services which are being provided by different state and non-state actors. NGOs are likely to favour as an operating environment or as a development goal what Chambers (1994) calls an 'enabling environment', in which the state provides sound management of the economy, provides basic infrastructure and services and maintains peace and the democratic rule of law.

But government attitudes can vary from one of active hostility in which NGOs are dissolved without good reason, through to one of 'co-optation' or 'partnership', through which government seeks to bring NGOs into the policy process, usually at the level of implementation. NGOs may pose a threat or at least a dilemma for the state, because they promise to bring about improvements in social development and in so doing may expose the limitations of the *status quo* (Bratton 1989). While government may be able to take some of the credit for successful NGO work which brings increases in living standards to the sections of the population untouched by government-run services, the state may be threatened if their legitimacy is brought into question through the exposure by NGOs of their inability to deliver. NGOs which actively campaign for democratic and other rights threaten entrenched interests, and their activities may be seen by the state as subversive.

### Terminological muddles

Research on the so-called 'third sector' – a concept reviewed in more detail later in this chapter – has generated a substantial level of debate and discussion on the variety of NGO terms and labels. Organizations which might be called 'non-governmental organizations' in one country are termed 'voluntary organizations' or 'non-profit organizations' in another, for little or no apparent reason. There is no straightforward way through the terminological mire of the world's third sector organizations, although each of the above terms can be seen to be culturally generated, and its usage can be historically traced back to specific social, economic and political contexts.

This is more than just a semantic problem, because labelling has important resource and policy implications in terms of 'who is in and who is out'.

'Voluntary organization' or 'charity' are terms widely used in Britain, where there is a rich tradition of voluntary work and volunteering and a history of charity law which emphasizes Christian, sometimes paternalistic, values. 'Non-profit organization' is commonly used in the United States, where the market has long been dominant and alternative forms of organization receive fiscal benefits if they can demonstrate that they are not commercial, profit-making entities. Finally, as we saw in Chapter 1, the term 'non-governmental organization', which tends to be applied mainly (though not exclusively) either to third sector organizations which work internationally or to those which belong to developing country contexts, has its roots in the United Nations system established after the Second World War. The designation 'non-governmental organization' was awarded to international non-state organizations given consultative status in UN activities. In order to illustrate the terminological problem, Najam (1996b: 206) has drawn up a list of forty-eight different acronyms used for various kinds of NGO by practitioners and researchers all over the world, and even this list, as the author states, is far from exhaustive!

If these terms were used logically and consistently, then they might prove useful in providing a way of categorizing the different types of third sector organization which exist. But they are rarely used with any level of consistency. In Britain, the term 'voluntary organization' might typically be employed to refer to an organization working with the homeless in London, while a similar Indian organization working with the homeless in Bangladesh is likely to be termed a 'non-governmental organization'. In the United States, the term 'non-profit organization' covers many of the third sector organizations working domestically, but for some reason the term 'private voluntary organization' has traditionally been used within the United States government's Agency for International Development (USAID) to refer to non-profit organizations which work overseas in development work. Some non-governmental organizations in 'developing' countries resent the label 'voluntary' because they feel it detracts from the professionalized character of many organizations which may not use volunteers, while others dislike 'non-profit' because it makes them sound too business-like. It is frequently argued that the 'non-governmental' tag lacks precision and meaning because it describes organizations by what they are not instead of by what they are.

The difficulties experienced in finding a workable and consistent terminology is complicated further by the enormous diversity of third sector organizations around the world. Some are small self-help groups or informal associations working at the community level with a membership which barely reaches double figures and no paid staff, drawing instead on volunteers and supporters who may be motivated by politics, religion or some form of altruism. Others are large, highly bureaucratized service-providing organizations with a corporate identity and thousands of staff who

see their work primarily in terms of a career. Some see themselves as part of the world of development agencies and institutions working to eliminate poverty and injustice, while others are recreational societies or religious organizations with specialized purposes. Some take a 'modernization' approach to social change, others attempt more radical empowerment. Some receive funding from outside bodies and depend on such resources for their existence, while others mobilize their resources locally through their own fund-raising initiatives or through membership fees and subscriptions. Some organizations are private member-benefit in orientation, while others are public benefit.<sup>1</sup>

It is therefore common for the authors of many texts on NGOs to begin their writing with their own sets of definitions of different terms and types of organization. For example, Clark (1991) sets out a range of six broad categories of NGO types based on the types of activities which they carry out: 'relief and welfare agencies' (e.g. Catholic Relief Services and various missionary societies); 'technical innovation organizations' (e.g. Grameen Bank with its work with credit in Bangladesh); 'public service contractors' which work closely with Southern governments and official aid agencies (e.g. the US agency CARE); 'popular development agencies' which work with grassroots groups on self-help, social development and building grassroots democracy (e.g. Bangladesh Rural Advancement Committee); 'grassroots development organizations', which are membership organizations which may receive support from other organizations or may operate without external assistance (e.g. Self-Employed Women's Association, SEWA, in India); and 'advocacy groups or networks', which are NGOs with no operational field projects but primarily exist to carry out education and lobbying (e.g. the World Development Movement in Britain). A functional definition such as this one, however, runs into problems because many organizations increasingly carry out a range of different types of activities.

Korten (1990) divides the third sector into four main categories of organization: 'voluntary organizations' (VOs) that pursue a social mission driven by a commitment to shared values; 'public service contractors' (PSCs) that function as market oriented non-profit businesses serving public purposes; 'people's organizations' (POs) that represent their members' interests, have member-accountable leadership and are substantially self-reliant; and 'government-organized NGOs' (GONGOs) that are creations of government and serve primarily as instruments of public policy. These definitions are useful, because they tell us something about the origins and orientation of an NGO, but they are not in the end very precise. As Vakil (1997) argues in a detailed article which seeks to analyse the range of different NGO taxonomies which currently exist, the lack of agreement on NGO terms is more than a 'mere nuisance'. The confusion creates difficulties for researchers attempting to develop theoretical work in relation to NGOs, it prevents comparative analysis of empirical work on NGOs drawn from different country contexts. In practical terms, the lack of agreement may



confuse the relationship between potential funders and recipients, it may make the task of government regulation more difficult, and it may reduce the potential for NGOs to transfer knowledge and learn experientially.

### **Problems of defining NGOs**

We have established the conceptual framework of the third sector as both a group of organizations and a social space which embodies a wide range of organizations concerned with a bewildering variety of human interests. Within this framework, NGOs have come to be seen as a specific sub-set of this wider family of third sector organizations. There are two main strands to the attempts by scholars to define non-governmental organizations. The first, such as the following one from the international law literature, is a general legal definition which takes a very general view that

NGOs are groups of individuals organised for the myriad of reasons that engage human imagination and aspiration.

(Charnovitz 1997: 185)

He goes on to suggest that the term is usually left to refer to organizations which play an international role in environment, human rights or disaster relief, and this might therefore be termed 'the international relations' definition of NGOs. Writers such as Charnovitz document the emergence of NGOs as actors on the international stage from anti-slave-trade movements to peace groups in the League of Nations era and the growth of the formal NGO role as recognized by the United Nations Charter.

The second type of definition is focused more broadly on the idea that NGOs are organizations concerned in some sense with social or economic change – an agenda normally associated with the concept of 'development'. This emphasizes the term 'NGO' as an agency engaged in development or relief work at local, national and international levels. Here NGOs may be contrasted with other types of third sector or non-governmental entities such as those engaged in sports, leisure or arts activities, or those which represent associations of business or professional persons. For example, Vakil (1997: 2060), in one of the most comprehensive and useful definitional discussions of NGOs to be found in the literature, suggests that NGOs are best understood as 'self-governing, private, not-for-profit organizations that are geared to improving the quality of life for disadvantaged people'.

This set of definitions often situates NGOs in the context of what has been termed the 'aid industry' (discussed in Chapter 3 below), the configuration of international institutions and transnational resource flows which emerged after the Second World War and which aims to address problems of poverty and development. For example, Fowler's (1997) discussion of NGOs is linked closely to the world of international development assistance, and he sees the future of development NGOs in terms of their ability to break free

of these links and gain more room for manoeuvre and independence. For some Southern writers too, NGOs are seen in very specific terms. For example Diaz-Albertini (1991) argues from Peru that Southern development NGOs should be seen as private, non-profit Third World organizations that implement development projects and programmes with the poor in their respective countries, as organizations predominantly formed and staffed by middle-class progressive professionals, and which receive most of their resources from North American and Western European non-government funding agencies.

Is there a way out of this muddle? In response to the terminological confusion which exists within wider third sector research, Salamon and Anheier (1992) show that most definitions of non-profit organizations (their terminology and unit of analysis) have been either legal (focusing on the type of formal registration and status of organizations in different country contexts), economic (in terms of the source of the organization's resources) or functional (based on the type of activities undertaken by the organization). In place of these types of definition, Salamon and Anheier (1992) have developed what they term the 'structural/operational' definition for the non-profit sector, which they base on the observable features of an organization. As the first third sector organizational definition to attempt a measure of cross-cultural rigour (it has been 'tested' in a range of countries around the world), this work forms a useful starting point for attempting to define the organizations with which we are concerned in this book. The definition proposes that a non-profit organization has the following five key characteristics: it is *formal*, that is, the organization is institutionalized in that it has regular meetings, office bearers and some organizational permanence; it is *private* in that it is institutionally separate from government, though it may receive some support from government; it is *non-profit distributing*, and if a financial surplus is generated it does not accrue to owners or directors (often termed the 'non-distribution constraint'); it is *self-governing* and therefore able to control and manage its own affairs; and finally it is *voluntary*, and even if it does not use volunteer staff as such, there is at least some degree of voluntary participation in the conduct or management of the organization, such as in the form of a voluntary board of directors.

This definition, it is argued, fits quite well in general terms with the various types of organizations accorded non-profit status in different country contexts around the world (Salamon and Anheier 1997). I tend to agree with Vakil (1997: 2059) that out of all the definitions found in the literature, the structural/operational definition 'would probably be most useful in defining NGOs as well', and that although her assertion that NGOs are a sub-set of non-profit organizations concerned with 'social and economic development' is ambiguous, this definition can usefully be applied to the organizations we are broadly terming NGOs. The structural/operational definition is also useful in that it allows representation of broad voluntarist values which normally exist even in the most professionalized NGOs, which retain a trace

of this ethos in the voluntary participation of governing body members, as Levitt points out:<sup>2</sup>

The fact that a Third Sector institution may have a formal administrative structure and a paid headquarters staff whose operating style is indistinguishable from that of business or government bureau does not disqualify it from Third Sector status.

(Levitt 1975: 63)

The definition allows that an NGO might generate income through profit-making activities while still stopping short of becoming a commercial business, and it illustrates the fact that NGOs cannot be part of or organized by the government – although they must of course abide by the law and may register with government – and finally it shows that NGOs are autonomous in that they attempt to manage themselves through their own structures and bodies.

An important limitation of the structural/operational definition is its insistence on a level of formality that might exclude some of the small-scale community associations or mutual benefit organizations.<sup>3</sup> Similarly, by excluding cooperatives and mutual societies it can be argued that the definition excludes important areas of social entrepreneurship which have characterized important moments in the history of the third sector, such as friendly societies in Victorian Britain in the development of social housing (Morris 1999). The definition is also therefore somewhat limited by its tendency to present a static picture, and many NGOs have their roots in small-scale informal initiatives, but like all organizations tend to change over time, frequently drifting towards more formal or bureaucratic organizational forms (Billis 1993a).

Throughout this book the term ‘non-governmental organization’ is therefore used to describe a sub-set of third sector organizations concerned with development, human rights and social change. ‘Northern NGO’ (NNGO) will be used to refer to organizations whose origins lie in the industrialized countries, while ‘Southern NGO’ (SNGO) refers to organizations from the ‘less developed’ areas of the world. The broad definition of NGO used here includes organizations which are formally part of the ‘development industry’ (which consists of the world of bilateral and multilateral aid donors, the United Nations system and the Bretton Woods institutions) as well as those which are not and choose to work outside these structures. It includes those organizations sometimes termed community-based organizations (CBOs) or ‘people’s organizations’ (POs) as well as those NGOs outside communities sometimes termed grassroots support organizations (GSOs), or intermediary organizations which seek to link and work with these community-level organizations. It includes organizations which, in Tandon’s (1996) distinction, are functional NGOs which are ‘conveying palliatives’ as well as those which he terms ‘thinking NGOs’

which 'reflect on alternatives'. Finally, the term includes organizations with their roots in one country (usually an industrialized one) but which work in another country (usually a 'developing' country) as well as NGOs which have developed autonomously in Africa, Asia and Latin America. When necessary, different categories of NGO will be specified in the text which follows on the basis of their characteristics relevant to the discussion.

Levitt (1975) reminds us that there are many different roles played by third sector organizations: they may be campaigning or service providing; they may be membership or non-membership; they may be voluntarist or professionalized; and they may be charitable or non-charitable in nature. He also reminds us that third sector organizations constantly change and evolve. For example, they may evolve from temporary initiatives into 'social movements', e.g. slave abolitionist movements of the mid-nineteenth century. In a widely quoted piece of work, Korten (1990) outlines the ways in which NGOs may evolve through a series of 'generations', from the relief agency which meets immediate needs in its early days, to the more mature networked social movement organization which works to address wider structural concerns. In the 'first generation', the priority is to meet immediate needs through relief and welfare work, but in the second, a growing awareness of 'development' ideas and the influence of outside agencies such as aid donors promote a new set of objectives to build small-scale, self-reliant local development. This leads to a preoccupation with sustainability in the 'third generation' organization, and a desire to seek changes in the wider institutional and policy context, while the 'fourth generation' NGO aims to support wider social movements for action on a national or global level to bring about wider change on issues such as gender, environment and conflict resolution. The schema is useful because it shows that NGOs, like most other organizations, rarely stand still, and illustrates how organizations may combine several roles or activities at any one time. Distinctions drawn by some third sector researchers between service delivery organizations and campaigning organizations (such as Knight's 1993 report on the British voluntary sector) rarely reflect the complex realities of these organizations' changing agendas and priorities. Korten's generation theory should not be taken to imply that all NGOs pass through these stages. The theory also carries an Asian bias, which means that while it may fit with, say, BRAC's history in Bangladesh, it may not fit with the life history of an NGO in the more politicized contexts of Palestine or South Africa.

## **The histories of NGOs**

Currently NGOs are receiving unprecedented levels of attention, but NGOs are not new. Despite the relatively recent arrival of NGOs on the stage of development, there is a long history of NGO-related activity at international, regional, national and local levels:

Although some observers seem to perceive NGO involvement as a late-twentieth-century phenomenon, in fact it has occurred for over 200 years. Advocates of a more extensive role for NGOs weaken their cause by neglecting this history because it shows a long time custom of governmental interaction with NGOs in the making of international policy. (Charnovitz 1997: 185)

Charnovitz traces seven stages to the evolution of NGO roles in international affairs, from 'emergence' in 1775–1918 through to 'empowerment' from 1992 onwards. This history begins with the rise of national level issue-based organizations in the eighteenth century, focused on the abolition of the slave trade and peace movements. By 1900 there were 425 peace societies active in different parts of the world, and the issues of labour rights and free trade were generating new forms of interest groups which were the forerunners of what we would now term NGOs. For example, in the US the first national labour union was the International Federation of Tobacco Workers, founded in 1876, and in the UK the Anti-Corn Law League campaigned for free trade against the system of tariffs between 1838 and 1846. By the early twentieth century, NGOs had generated associations to promote their own identities at national and international levels, so that at the World Congress of International Associations in 1910 there were 132 international associations present, and these were concerned with issues as varied as transportation, intellectual property rights, narcotics control, public health issues, agriculture and the protection of nature.

A growing level of involvement of NGOs continued during the League of Nations period during the 1920s and 1930s, a period Charnovitz terms 'engagement'. When the International Labour Organization (ILO) was set up in 1919 as part of the League of Nations, each member country sent four representatives: two from government, one from employers and one from worker organizations, which created a forum in which the three sectors – government, business and community – could each begin to influence international conventions on labour rights and standards. NGOs began to move from being outsiders bringing issues to the international agenda to insiders working with governments on international problems. After 1935, there was a routinization of activities within the League, and the growing hostilities which resulted in the Second World War contributed to the inhibiting of NGO participation and a period of 'disengagement' which lasted until the period of postwar 'formalization'.

In the postwar period, Article 71 of the United Nations Charter provided for NGO involvement in UN activities, and NGOs were active in the drafting of the Charter itself. Among the UN agencies, UNESCO and WHO both provided for NGO involvement in their charters. However, the reality was that Article 71 merely codified 'the custom of NGO participation', and

The opportunities afforded to NGOs in the early years of the United Nations were no better than those afforded to NGOs in the early years of the League.

(Charnovitz 1997: 258)

The period after the War was therefore one of 'underachievement' in which, though active, NGOs did not contribute much more than 'nuisance value', hampered by Cold War tensions and the institutional weakness of the UN Economic and Social Council (ECOSOC), the body liaising with NGOs as set out in Article 71. It was not until the 1970s that there was an increased 'intensification' of NGO strength and activities, as shown by their growing presence at UN conferences such as the Stockholm Environment Conference in 1972 and the World Population Conference in Bucharest in 1974. NGOs played a key role in the drafting of the UN Convention on the Rights of the Child. Since 1992, NGO influence at international level has continued to grow, as shown by the UN Conference on Environment and Development (UNCED) which saw NGOs active in both preparation and at the conference itself, which approved policy statements about the role of NGOs and suggested that the UN system should

draw on the expertise and views of non-governmental organizations in policy and programme design, implementation and evaluation.

(Agenda 21, quoted in Charnovitz 1997: 265)

From only occasional mentions of the role of NGOs in the documentation produced by the Brandt Commission in 1980, we have now moved to a position in which the Commission on Global Governance in 1995 recommended that a Forum of Civil Society should be convened and consulted by the UN every year. Charnovitz has characterized this period since 1992 as that of NGO 'empowerment'.

Charnovitz's framework has been discussed at some length because it provides a much-needed historical depth to the discussion of the NGO context, a perspective often lost within current, fashion-driven debates. However, it focuses exclusively on European and North American contexts and therefore tells only part of the story. Such 'NGO history' could be written about many other parts of the world. In Latin America, the growth of NGOs has been influenced by the Catholic Church and the growth of 'liberation theology' in the 1960s, signalled by the Church's commitment to the poor, and to some extent by the growth of popular Protestantism (Escobar 1997). The philosophy of the Brazilian educator Paulo Freire, with its radical ideas about 'education for critical consciousness' and organized community action, has also been influential (Blackburn 2000). Freire believed that illiterate people possessed a 'culture of silence' which could be challenged by a form of education which, rather than simply imposing the world view of the elite, could motivate the poor to question and build new

liberating structures and processes for change. Freire's ideas have informed the philosophies and strategies of many NGOs in Latin America and beyond, such as Proshika in Bangladesh. At the same time, the tradition of peasant movements seeking improved rights to land, and the role of political radicals working towards more open democratic societies, has contributed to the rise of NGOs (Bebbington and Thiele 1993). Despite the radical origins of one key strand in the Latin American NGO community in the 1960s, the 1990s saw the crystallization of an increasingly heterogeneous NGO sector containing different approaches, which included professionalized careerist organizations close to donors and governments as well as organizations seeking radical alternatives (Pearce 1997).

Moving to the context of South Asia, Sen's (1992) work on the background to the rise of NGOs in India highlights the influence of Christian missionaries, the Indian reformist middle classes and the ideas of Mahatma Gandhi, who emphasized the role of voluntary action in strengthening Indian development. Gandhi's campaign for village self-reliance has inspired local Indian organizations such as the Association of Sarva Seva Farms (ASSEFA). Many of these NGOs have strong local cultural and historical roots which lie outside the Western 'aid industry'. Gandhi's ideas have also contributed to the 'appropriate technology' movement more widely in the North as well as the South (Thomas 1992). There are also long traditions of self-help in South Asia, such as the traditional rotating credit groups which can be found in countries such as Nepal where they are known as *dhikiri*, in which households as a survival strategy pool resources into a central fund and take turns in borrowing and repaying from the communal pot.

With its colonial history, Africa shares aspects of the missionary histories of Asia, where external organizations have interacted with local 'third sector' structures and ideologies. For example, Anheier's (1987) work in Africa highlights the wealth of associational activity which underpins many African societies, while the recent work by Honey and Okafor (1998) on hometown associations in Nigeria shows how community organizations are increasingly important for mediating resources and relationships between local communities and global labour markets, educational opportunities and village resources. In Kenya, the 'harambee' movement of mutual self-help groups was a system based on kinship and neighbourhood ties, and was incorporated by President Kenyatta as part of a modernization campaign to build a new infrastructure after Independence. It was seen as an alternative to top-down planning and as a way of sharing costs with local communities and, while briefly successful, its initial spirit of voluntarism was gradually sapped by bureaucratization.

These examples are intended to provide a snapshot of the diverse origins and influences on the third sector in different parts of the world, but of course they represent only a small keyhole into vast and diverse strands of cultural, political and religious influences which contribute to different kinds of NGOs around the world. Within each country context, there are

multiple and often contradictory influences with the third sector. In Britain, for example, the so-called voluntary sector is rooted both in traditions of Christian 'charity', which some sections of the community criticize as being demeaning to the poor and encouraging dependency on service providers, as well as in the radical activism of the 1960s, which emphasizes instead the 'empowerment' of disadvantaged groups and individuals. One of the key problems facing any attempt to discuss any aspect of NGOs is therefore that of the impossibility of generalization. The history and origins of NGOs are diverse and can be traced back to a range of complex historical, cultural and political factors in different parts of the world. As Carroll (1992: 38) has pointed out,

all NGOs operate within a contextual matrix derived from specific locational and historic circumstances that change over time.

As well as being characterized by a high level of cultural and ideological diversity, trends in the third sector are difficult to compare due to the problem of gaining access to accurate data. Hulme (1994) suggested that more NGO growth is believed to be taking place in Asia and Latin America than in Africa, and that Latin American NGOs have been more prepared to take part in political action, organizing and lobbying for reform and social change, than those in Asia. In Latin America there are many women-led, small-scale, networked organizations (Lehmann 1990) while in Africa relief operations have tended to dominate the NGO landscape, with the presence of Northern NGOs to some extent inhibiting the emergence of large formal indigenous organizations (Anheier 1987). This is now changing as local organizations in some African countries are developing their own agendas and making their presence felt more strongly in development work (Simbi and Thom 2000; Kanji *et al.* 2000).

And yet there are many common characteristics in the patterns of organization which emerge in third sectors around the world and in the activities undertaken. Annis (1987) describes key similarities in the ways in which people organize themselves voluntarily in order to help themselves or others. Patterns of organizational growth tend to be based on needs such as raising incomes, securing rights, or demanding or providing services, as well as on opportunities such as contact with new ideas, links with outside organizations with finance, or political change which allows new space for organizing. The drive amongst people to organize themselves therefore centres on both needs and opportunities. People need credit in order to undertake productive activities, roads for marketing, medical and educational services for their families, jobs for the under- and unemployed; urban squatters want rights for their land and amenities for their communities; indigenous minorities want collective legal rights and recognition of pluralism within educational systems. Annis shows that people tend to organize in response to perceived opportunities, such as the landless labourers who see uncultivated



areas of land and therefore begin to explore the possibilities of how to get it, forming committees, putting forward leaders, weighing the collective against individual risks of occupation. Similarly, if someone in a village knows a powerful person in a government ministry, they may form a self-help group to explore what such a connection might bring them. There may be common purposes to taking organizational action on behalf of oneself or on behalf of others, but as this section has attempted to show, the actual form of the third sector across different communities has varied considerably.

### NGOs and 'civil society'

During the last two decades, the concept of 'civil society' has been revived from its eighteenth-century roots in the work of political scientists and philosophers searching for an understanding of what happens in the organized 'associational realm' which lies between the family and the state (Hadenius and Ugglå 1996; Keane 1998; Van Rooy 1997). This revival of the idea of civil society has taken place not only within the development industry, but is now increasingly invoked as part of wider debates about politics and democratization, public participation and welfare service delivery, as well as in connection with campaigning and advocacy at the international level. It is a revival which has often placed NGOs at its centre, because for some policy makers and activists, NGOs have been taken as a shorthand for civil society itself. However, the tendency for some NGOs to claim to speak on behalf of civil society has also caused suspicion, and has raised questions about the accountability and legitimacy of NGOs themselves.

There are many factors which have led to this recent rediscovery. It was also reintroduced into political discourse by the democratic opposition to communist states in Eastern Europe (Keane 1998). The concept of civil society was also used in the 1970s by Latin American activists and academics in the context of resisting military dictatorship (Fisher 1998). After the end of the Cold War, the former superpowers reduced their support to client states – which often had authoritarian regimes – and this released demands by citizens to challenge existing power structures.

The concept of civil society has long roots which go back to the writings of the Scottish enlightenment thinkers such as Hume and Ferguson and the German philosopher Hegel. The French commentator de Tocqueville talked about the richness of associational life in the United States, and saw this activity as a source of democratic strength and economic power. Later in his *Prison Notebooks*, Gramsci wrote at length about civil society as a site for resistance to the exercise of hegemonic power in capitalist societies. Each of these thinkers presented different ideas about what the concept of civil society means, the ways in which it emerged in different parts of Europe and the analytical uses to which the concept might be put. Since 'civil society' is a theoretical concept rather than an empirical one, the recent challenge

amongst many development agencies and NGOs has been to try to apply it. As Van Rooy (1998) has shown, the concept of civil society easily becomes an 'analytical hat stand' on which many different arguments are opportunistically placed. There has been a tendency among development policy makers to pick and choose among the many different understandings of civil society in order to operationalize the concept, with the result that 'a simplified set of arguments has been imported into Northern aid policy'.

Civil society is usually taken to mean a realm or space in which there exists a set of organizational actors which are not part of the household, the state or the market. These organizations form a wide-ranging group which includes associations, people's movements, citizens' groups, consumer associations, small producer associations and cooperatives, women's organizations, indigenous peoples' organizations – and of course the groups which we are calling NGOs. For NGO managers, the long philosophical roots of the concept are perhaps less important than the fact that there are two basic approaches to civil society, which can be termed the 'liberal' and the 'radical'. In the liberal view, which is the one which has been most popular with governments and donors, civil society is seen as an arena of organized citizens which acts as a balance on state and market, as a place where civic democratic values can be upheld, and in a normative sense civil society is considered on the whole in this view to be a 'good thing'. In the radical view, which is drawn mainly from Gramsci's work, rather than harmony there is an emphasis on negotiation and conflict based on struggles for power, and on blurred boundaries with the state. Civil society contains many different competing ideas and interests, not all of which contribute positively to development.

Much of the writing on NGOs and development which has been influential is shaped by the liberal view, and we will first discuss this. Bratton's (1994) definition provides a useful starting point. He sees civil society as

a sphere of social interaction between the household and the state which is manifest in norms of community co-operation (trust, tolerance, inclusion, joining), structures of voluntary association (citizens coming together into voluntary associations both local/national, formal/informal) and networks of public communication (pluralist media, personal access to communication technology etc.).

This view sees civil society as a source of civic responsibility and public virtue, and as a place where organized citizens – including NGOs – can make a contribution to the public good. The liberal tradition emphasizes the socializing effects of association, which helps to build 'better citizens'. The concept of civil society to which development agencies have been drawn is based upon the idea of an interdependent organic relationship between market economy, state and civil society (Archer 1994). In this model, there is a 'virtuous circle' between all three sets of institutions – a productive

economy and a well run government will sustain a vigorous civil society, a well run government and a vigorous civil society will support economic growth, and a well managed economy and a strong civil society will produce efficient government. This logic was embraced during the so-called 'good government' policies embodied within French and British foreign policy statements during the early 1990s, and it was made clear to developing countries that a continuation of aid, particularly to Africa, would depend on new forms of conditionality. These conditionalities required a competitive, largely privatized market economy, a well managed state (with good education and healthcare, just laws and protected human rights, and sound macro-economic planning) and a democratic 'civil society' in which citizens had rights as voters and consumers so that they could hold their institutions accountable. The conditions also required a free press, regular changes of government by free election, and a set of legally encoded human rights (Archer 1994).

Within this good government discourse, the vision of civil society featured a strong overlap with the market. This has been evident particularly in the case of donor assistance given during the 1990s to the former Eastern Bloc countries, where the creation of capitalist market relations and the construction of a civil society were seen as being very closely linked. But there were also strong political elements in the new discussion of civil society. According to White (1994), the growth of civil society is seen to have the potential to make an important contribution to building more democratic governance processes, because it shifts the balance of power between state and society in favour of the latter. It can also enforce standards of morality, performance and accountability in public life, and act as a channel for the demands of organized citizen groups by creating an alternative 'space' – outside formal political structures such as political parties – for political representation and action. A good example of this can be seen in the Right to Information movement in India (see Box 10 in Chapter 6 below).

The liberal view of civil society implies a critique of state domination of public life, advocates reform rather than revolution, and would bring about political change through election and negotiation rather than conflict. Many NGO writers and activists, such as Clark (1991), have therefore argued that NGOs, both Northern and Southern, have a key role in supporting the emergence of democratic organizations and institutions in 'civil society'.

Covey's work on NGO policy alliances suggests ways in which NGOs can strengthen democratic processes through working as 'civil society organizations'. In many parts of the world, political struggles are drawing NGOs towards a more active policy influencing role as political space opens up for people's voices in public affairs:

The promise of democracy becomes a reality however when groups (especially marginalised sectors of society) effectively participate in the

marketplace of competing interests. Inclusion in political systems long dominated by elites depends, in part, on the institutional strengths of policy newcomers and, in part, on the perceived legitimacy of their participation itself.

(Covey 1995)

It is only by forming 'multi-layered alliances' that NGOs can seek effective, poverty-focused change by brokering relationships between the poor, the middle classes and elites, bringing the potential to both build civil society and enhance policy outcomes. This is perhaps the greatest challenge for NGOs, but offers the best promise for gaining policy benefits for the poor. NGOs can play this role of 'inter-sectoral problem solving' (Brown 1994) by controlling important resources and shaping participants' awareness through a 'bridging role'. Diaz-Albertini (1993) shows how this bridging role might function. Writing about the context of Peru, he outlines the twin need for NGOs, both to strengthen civil society through grassroots empowerment work, and to seek to ensure the viability of the state as an apparatus which is capable of processing people's political demands and claims. He examines three ways in which NGOs have tried to institutionalize political practices and build bridges between the state and civil society in terms of welfare issues, each of which has distinctive advantages and disadvantages which need to be balanced and linked across three levels simultaneously. In the first, NGOs temporarily substitute for the state as service provider, creating higher quality services but leading to little sustainability. In the second, NGOs work to 'represent' the grassroots through lobbying work and political action, but this level of activity often tends to lead NGOs into becoming professional advocacy groups which gradually lose touch with real people at community level. At the third level, NGOs work with providing local community organizations with technical assistance, services and organizational support, but since few channels exist for presenting local demands to the state, NGOs can easily end up merely 'administering poverty' rather than working for structural change.

Some writers have emphasized the importance for NGOs to gain a better understanding of the concept of citizenship:

Citizenship is accorded a key role in political theory because it provides the critical link between the geopolitical formation of the nation state with the polity that comprises it. Citizenship is a form of social contract made unique by its equal applicability to the vast majority of individuals by reason of birth.

(Bratton 1989: 335)

For this to work, people must identify with the state as a legitimate entity, and from this stems the justification for demanding rights. Bratton illustrates the ways in which colonialism helped to create weak states in

Africa, where ethnicity now continues to function as an important factor which helps to shape identities, and describes how the NGO Silveira House in Zimbabwe has attempted to work on citizenship issues by training elected civil officials in their responsibilities to meet citizen rights, and by seeking to raise public awareness about their rights.

For many donors, 'strengthening civil society' has become a specific policy objective. According to Brown and Tandon (1994), the strengthening of civil society requires attempts to improve the intellectual, material and organizational bases of the various actors within civil society. Although organizational development (OD) has long been directed at strengthening the *performance* of organizations working in the public or the private sectors, new approaches are needed to support 'mission-oriented social change organizations' (Box 1). NGOs are expected to play a part, and some analysts have termed this broader process 'institutional development' (ID).

Box 1 *NGOs and the 'strengthening of civil society'*

Part of the new interest in civil society revolves around the argument that for development to take place, efforts are needed to build common purposes and supportive interaction among the diverse sets of organizational actors in civil society. For many activists and policy makers, the aim is to strengthen the engagement of civil society with the state and the market. There are three levels for this work. The first is the *organizational level* (individual NGOs) where there is a need to clarify organizational values, identity and strategies (linking longer-term vision and project activities, learning from experience), build organizational capacities for governance, decision making and conflict management, and developing human resources (mobilizing skilled staff without undermining social commitment) and organizational learning (building systems to avoid losing experience in the day-to-day demands on time). A second is the *sectoral level* (viewing civil society as a sector) where NGOs and other actors need to create opportunities for building shared perspectives and joint action, such as through coordinated networks and campaigns. They may also promote mechanisms to represent key sectoral issues, such as alliances to ensure that land reform or minority rights remain on the policy agenda. A third is the *societal level* where NGOs can create institutions to establish and safeguard the independence of the civil society sector, such as legislation which gives voice to NGOs in policy dialogue, and consultations with civil society over the reform of policy.

(Source: Brown and Tandon 1994)

Some policy researchers have therefore focused on the ways in which donors can work with NGOs in order to support democratic processes. One of the most influential of these is Blair (1997), who presents a clear working model for 'operationalizing' donor support to NGOs in the context of civil society by suggesting that only NGOs which emphasize public goals (such as those third sector organizations concerned with influencing state policy) can be seen as true civil society actors. This excludes business enterprises since their main goal is to make a profit, political parties since their main goal is to take over state power (not to influence it), and self-help groups or service delivery NGOs. A 'civil society organization' is the characteristic institution of 'civil society' and can be defined as

an NGO that has as one of its primary purposes influencing public policy. This means that while all 'CSOs' are NGOs, by no means are all NGOs 'CSOs'.

(Blair 1997)

For example, if a purely service delivery NGO in the health sector then also began to advocate reform of the health system, it would become a 'civil society organization'. Blair (1997) argues that there have been two main types of donor approaches to working with civil society: the first is reforming the system through working on the creation of an 'enabling environment' by improving the rules of the game under which civil society operates. The second is through support to sectoral agendas through working within the existing civil society environment by supporting specific organizations directly. Blair argues that donors such as USAID have tended to go for the latter, and suggests that without having put into place conditions for the enabling environment, such a strategy does not make much sense. Cold War strategic concerns and US geopolitical considerations made such sectoral agendas typical in the 1980s, when the US often supported military regimes, and an apolitical model of development based on technology transfer was prevalent. More recently, donors have begun to focus on the enabling environment as well as sectoral agendas, as DFID's current work in Uganda illustrates (Kanji *et al.* 2000).

According to Blair (1997), a strong civil society can also strengthen democracy by educating citizens to exercise their right to participate in public life, by encouraging marginalized groups to become more active in the political arena, and by helping to build overlapping networks – in the sense of Putnam's (1993) idea of cross-cutting 'social capital' – which can reduce the destabilizing effect of single interest religious or ethnic groups within a culturally diverse context. The idea of social capital is currently influential in relation to development and democracy, and NGOs have been seen as organizations which can contribute to its creation and its maintenance. It is an ambiguous context which has been understood differently by various theorists. For Putnam, it represents relationships of trust and civic

responsibility built between members of a community over a relatively long period of time:

Social capital ... refers to features of social organization, such as trust, norms [of reciprocity] and networks [of civic engagement], that can improve the efficiency of society by facilitating co-ordinated actions.

(Putnam 1993: 167)

For Putnam, social capital is the opposite of what Banfield (1958) called 'amoral familism', which was famously observed in rural communities where the self-interest of kin-based groups dominated social life at the expense of wider norms of trust and cooperation. By taking part in formal groups and informal networks, an awareness of the greater good develops, and the observed difference in the levels of social capital is used by Putnam to explain why local democracy took deeper root in northern Italy than in southern Italy. Other theorists have included kinship structures within their definitions of social capital:

Social capital is the set of resources that inhere in family relations and in community social organisation and that are useful for the cognitive or social development of a child or young person ... it is not a single entity, but a variety of different entities having two characteristics in common: they all consist of some aspect of social structure, and they facilitate certain actions of the individuals who are within the structure ... social capital is productive, making possible the attainment of certain ends that would not be attainable in its absence.

(Coleman 1990: 300–2)

Social capital can therefore be seen in terms of the connections between people which help to facilitate participation in civil society, either through direct and focused action towards political change, or through membership of welfare, cultural or leisure associations which help focus people further towards public responsibility. Indeed, the concept of social capital widens the issue of participation in civil society, beyond political participation and towards other forms of social participation – such as in welfare support networks – as Box 2 shows in the case of informal social services in Uganda.

Box 2 *Informal social services, NGOs and social capital*

In the south west of Uganda, where communities have been severely affected by the HIV/AIDS virus, many international NGOs have set up programmes designed to raise awareness about preventative health, to address the social and economic consequences of the disease through support to orphans to prevent them dropping out of school, and small

loans to households to assist with income generation activities. At the same time, local rural communities were also seeking ways to adapt their own organizational structures and systems in order to deal with the problems. In some villages there was a tradition of 'munno mukabi', a form of self-help in which older village women clubbed together on an informal basis in order to help to arrange funerals for poorer households. With the spread of HIV/AIDS, the result had been an increase in the numbers of funerals and greater pressure on this informal system. It was also the case that many households now had family members who were sick, or with adult household members who were entirely bedridden. This arrangement then adapted into a type of home visiting service, which made sure that people who were unwell did not lose touch with the rest of the village, and received food. This was a case of evolving local community self-help structures – a form of social capital – as an adaptive response to social welfare needs, and it was supported by an international NGO which began providing small amounts of credit to the 'munno mukabi' women – which was to be repaid via a profitable sideline providing catering to weddings and parties – which helped them to scale up their activities in the face of increasing need.

(Source: author's own field notes)

The more radical Gramscian view sees civil society as the location for independent resistance to the state. Rather than the focus on balance and harmony embodied in the liberal view, MacDonald's work (1994) shows that civil society is in fact a zone of conflict, and draws attention to the constraints of class and gender on people's actions, to the tensions between the state and civil society (and those which exist within civil society itself), and finally highlights the international political economy dimensions of the discourse of civil society in developing countries. In such a view, in addition to using formal state institutions, the state also uses civil society institutions such as the media and the church to maintain its authority.

Power, conflict and diversity therefore need to be acknowledged in discussion of civil society. Shaw (1994: 647) sees civil society not as a development 'actor' but as a 'context', within which a wide range of collectivities are formed and interact, including formal organizations of a representative kind such as parties, churches, trade unions, professional bodies, formal organizations of a functional kind such as schools, universities and mass media, and informal networks and groups such as voluntary organizations, *ad hoc* activist coalitions and social movements. Civil society institutions are simultaneously located on the outer edges of the system through which state power is legitimized in society, but at the same time civil society is an arena in which various social groups can organize in order



to contest state power. In Gramscian terms, civil society can therefore be seen as the site of struggle between hegemonic and counter-hegemonic forces (MacDonald 1994).

One of the criticisms which has been made of this approach is that it is often deployed in a rather 'apolitical' sense. The radical view of civil society recognizes that the conflicts over power and politics which take place in civil society may be important for formal political processes and cannot easily be separated from them. The capacity of NGOs to play a civil society role is contingent on the specific character and power of the state, and for developing countries in particular on the international political environment. In many countries, individuals may move between NGOs, the government and opposition political parties as the vehicles for political change. After the change of government in the Philippines in 1986 which ended the authoritarian Marcos regime, there were many activists from the NGO sector who accepted jobs in the new administration because they saw government as a potentially more effective base for putting ideas into action.

Donor support to civil society strengthening has often been through the funding of NGOs, though this has led in practice to support for service delivery NGOs rather than for more militant advocacy NGOs which might challenge the policies of the government and the donors keen to maintain the 'new policy agenda' (Kanji *et al.* 2000). At the same time, when NGOs have become involved in political movements they have been criticized. For example, the participation of NGOs and other civil society actors in recent political struggles in Bangladesh during the 1990s led to criticisms that NGOs were getting 'too involved' in politics, but their supporters have argued that such involvements are not only legitimate, but form an essential part of NGOs' development role (Karim 2000). When some of the main NGOs joined the opposition political party and other groups to demand that a caretaker government be installed to preside over national elections in 1996, NGO leaders defended their actions by arguing that civil society organizations could not avoid involvement in vital political actions which had major implications for all citizens, and particularly the poor.

Another set of radical criticisms of the liberal view of civil society is its normative character, which assumes that civil society is a 'good thing'. Much has been made of the fact that civil society can include organized groups of many kinds and may include religious fundamentalists and political bigots as well as developmental or progressive organizations. Najam (1996b) points out that the racist Ku Klux Klan organization in the United States is an organization of civil society, while Putzel (1997) has argued in a similar vein about the 'dark side of social capital'. It is difficult therefore to conceptualize civil society as being always positive.

The problems of competing interests and groups is acknowledged by some proponents of the liberal view. The struggle between different interest groups can sometimes create a kind of paralysis. Blair (1997) points out that

it is possible to have 'too much of a good thing' in terms of civil society action in the US:

too much interest group influence over the state over too long a period may well lead to immobilism and a hardening of the democratic arteries or 'gridlock' rather than to a rich and vibrant democratic polity.

The direct action taken by a range of civil society actors against the World Trade Organization meeting in Seattle in 1999, or those actions against the attempts by private corporations such as Monsanto to introduce genetically modified crops in Europe, were highly visible and arguably successful engagements, but for many people such actions raised as many questions about the accountability of the civil society actors involved as about the activities of WTO and Monsanto. But these events also showed the emergence of a global civil society (which is discussed in more detail below) acting from a plurality of positions to challenge what is perceived as a hegemony of US economic and political interests.

Alongside the liberal and the radical views of civil society, there is also what might be termed the 'relativist' critique. Anthropologists have viewed the revival of the Western concept of civil society and its application to widely different cultures and contexts in different parts of the world with suspicion, pointing out the dangers of a new post-Cold War 'universalism' (Hann and Dunn 1996). Comaroff and Comaroff (2000) have also discussed the ways in which the construction of a 'civil society' was used as an instrument of exclusion by colonial rulers in Africa. Clearly, civil society and its institutions may take different forms in non-Western contexts, as Brown (1994) has shown in Africa. Within this view, Africa is presented as being rich in cultural and religious institutions which express collective identities, while new forms of third sector association have been created in response to adapting to urbanization and resisting colonization. In some countries, efforts by ruling elites to extend the state have sometimes met with resistance by groups such as lawyers and journalist associations in Nigeria, Christian church organizations in Kenya, and mineworkers' unions in Zambia. The concept of a national conference in Africa is a distinctive contribution to civil society. These conferences have been convened in more than a dozen francophone states, in which national elites and representatives of all major sections of society have come together, often chaired by a church leader, to discuss pressing political matters of the day. In both Benin and Congo, such assemblies met to demand the right to impeach a corrupt leader.

In some of the countries of the former Soviet Union, problems have arisen when development donors have tried to support the emergence of civil society through funding local NGOs. For example, in Uzbekistan, the introduction of the concept of civil society has in fact become simply an instrument for local Russian-speaking anti-Islamic elites to construct a new

power base far from the Western liberal civil society ideal. In the attempt to bypass corrupt government officials, there was a subsequent growth of new NGOs – many of which were controlled by the same elites as controlled the government – which merely led to the reproduction of corrupt and inefficient structures in the non-state sector. The attempt by donors to operationalize the concept of civil society arguably fails to address the pressing political and economic reforms which are needed to bring positive change (Abramson 1999).

The debates about NGO roles in ‘strengthening’ civil society are only one aspect of the ways in which the concepts of NGO and civil society have become intertwined. An important issue for NGO management is the extent to which NGOs as organizations display characteristics of civil society within their structures and processes. In other words, the very existence of NGOs with internal democratic processes is sometimes taken to be an indicator of civil society, since the values of participation, cooperation, trust and internal democracy may help to foster wider political processes by example. Writing about the US context, Abzug and Forbes (1997: 12) suggest that leaders within third sector organizations are not only ‘guardians’ of civil society with civic responsibilities outside their organizations, but are also ‘responsible for expressions of civil society within their organizations’. For example, the level of trade union membership among employees of NGOs is one dimension of this internal civil society dimension. Another important dimension is the gendered nature of staff structures and relationships (Goetz 1997). Howell and Pearce (2000) show that in Central America, one of the criticisms which can be made of donor preoccupations with supporting NGOs in order to ‘build civil society’ is that many such NGOs exhibit strongly hierarchical, non-participatory internal structures and processes. In Bangladesh, Wood (1997) has also described the ways in which NGOs tend to reflect within their own structures and processes the social and cultural norms of patron-clientelism, hierarchy and gender subordination which predominate more widely in society.

This of course brings us back to the critique of Western visions of civil society, because there may be civil society organizations based on traditional values of kinship and ethnicity in some contexts which, while not necessarily fitting the standard definition, may nevertheless carry out many of the other functions of a civil society organization. For example, the Somali clan system simultaneously provides for the needs of the members of its communities, but at the same time contributes to the violence and hostilities which exist between different clans and factions (Edwards 1998). Perhaps Van Rooy (1998) offers a realistic view in seeing the idea of civil society as both an *observable reality* in terms of an arena of conflicting organizations and interests, and a *normative goal* in that ‘having a civil society, warts and all, is better than not’.

Both liberal and radical conceptions of civil society provide different perspectives on the roles of NGOs in political processes, as Clarke (1998) has argued. In the Philippines, the liberal or de Tocquevillian view shows the ways in which NGOs have moved into territories previously occupied by political parties which found it difficult to adapt to the changing realities of human rights, environment, minorities and gender interests. But in the radical or Gramscian perspective it is also possible in the Philippines to use civil society theory to understand how NGOs have ultimately helped to institutionalize contested political interests. Radical militant social movements which developed under the Marcos dictatorship have become diffused in the post-Marcos era, and NGOs have contributed to the reduction of this anti-state pressure by absorbing activists into more legitimate 'development' and human rights concerns, and by strengthening the state. But the contradictions in the liberal view of seeking to strengthen NGOs as a proxy for strengthening civil society, and the dangers of taking an apolitical view, point to the need for NGOs and donors to pay more attention to radical ideas about civil society in seeking to explain and inform development action.

Finally, there is another emerging discourse in relation to NGOs and civil society – that of the growth of 'global civil society'. Until comparatively recently, civil society has been discussed only in relation to the nation state. However, it is now commonly argued that the nation state is in decline and that civil society increasingly represents itself across nation-state boundaries through the formation of global institutions – such as formal links between parties, churches, unions; and informal networks among women's movements, peace movements and global organizations such as Amnesty International and Greenpeace (Shaw 1994: 649). For example, MacDonald's (1994) article examines the links between 'international NGOs, national NGOs and popular organizations' in international solidarity work and development support to Central America in the 1980s.

In Nicaragua, for example, the US tried during this period to destroy an alternative economic form which emerged in the shape of the Sandinista regime in the 'backyard' which it had long been accustomed to controlling. Local grassroots organizations quickly developed in Nicaragua and made contact with international NGOs, which began to provide support in the form of finance, volunteers and political advocacy, and in MacDonald's view this action supported a decisive moment in Central American democratization. NGOs also lobbied other US allies to dissent from the US foreign policy line, and achieved some success in this. But two types of NGO eventually emerged: the first was relatively conservative, aiming to reduce the social tensions of the structural adjustment process, while a second group of more radical NGOs was interested in modifying the structure of power. MacDonald suggests that international NGOs like Amnesty International, Greenpeace and Oxfam might contribute to 'transnational

counter hegemonic networks', through forming wider coalitions with other sections of civil society:

The potential long term impact of actors in global civil society lies not merely in their material resources but also in their ability to create new identities, to contest established ways of thinking, and to create new linkages between peoples in different parts of the globe

(MacDonald 1994: 277)

Global civil society theory is likely to be an important area for conceptual discussion and NGO action during the coming decades.

### **From civil society to the 'third sector'**

The rediscovery of the concept of civil society has run parallel to another conceptual discussion within organizational studies and public policy – the concept of the 'third sector'. This section takes the third sector concept as the entry point for considering NGOs as organizations before we move on in Chapter 3 to discuss the various roles which are being played by NGOs in development. There appears to be no precise moment of origin for the term 'third sector', which seems to date back to public policy discussions in the 1970s in the United States.<sup>4</sup> The work of the sociologist Etzioni (1973) is one major influence, while Theodore Levitt (1975), a writer on marketing management at Harvard Business School in the 1960s who later went on in the 1970s to analyse public policy, is another. The concept of the third sector is useful to a discussion of NGO management because, while civil society provides an analytical framework for understanding the institutional arena in which NGOs operate, the concept of the third sector has its roots in the analysis of organizational difference and draws attention to the ways in which NGOs and other third sector organizations are structured and motivated.

In his influential work on complex organizations, Etzioni (1961) set about analysing why people become involved in organizations, and the different kinds of power relationships which determine organizational forms. What emerged was a conceptual framework which sets out three different basic types of organizational form. This is based around the concept of 'compliance' as a central element of all organizational structure which explains the relationship between those who have power and those over whom they exercise it:

Compliance refers both to a relation in which an actor behaves in accordance with a directive supported by another actor's power, and to the orientation of the subordinated actor to the power supplied.

(Etzioni 1961: 3)

This determines commitment or alienation from the organization among those involved. Within most organizations there tend to be people with high levels of power who dominate, and those in subordinate positions with less power. Power relations differ in terms of the means used to achieve compliance, and usually take three forms: *coercive*, which is the application or threat of physical sanctions (such as pain or restrictions on the freedom of movement); *remunerative*, based on control over material resources and rewards such as wages or benefits; and *normative*, based on the manipulation of symbolic rewards and deprivations, the use of the power of persuasion, and on appeals to shared values and idealism.

While these types of power are not restricted to particular types of organization, one will tend to be the dominant force in any one organizational case, such that 'most organizations employ all three kinds of power, but the degree to which they rely on each differs from organization to organization' (Etzioni 1961: 6–7). Each type of power relation can then be equated with government, business and voluntary or third sector organization respectively. Following from this argument, Etzioni goes on to outline three kinds of involvement by people in organizations which he described as *alienative*, where involvement is kept to a minimum, such as among capitalists in foreign countries, prison inmates, enlisted recruits; *calculative*, where there is positive involvement of low intensity, such as business contacts and prisoners who have created relations with prison authorities; and *moral*, which indicates high-intensity involvement, such as devoted party member or parishioner in church, and followers and leaders in social organizations.

Although voluntary associations are highly diverse, Etzioni suggests that they chiefly use degrees of normative power to achieve compliance. They build commitment of workers, volunteers and members and compensate them primarily through symbolic reward. This line of thinking has led to the idea of a third sector as a loose category of organizations that are not government or for-profit businesses, but which are held together by the 'glue' of value-driven action and commitment. Najam (1996b) shows how Etzioni's schema of three different ways in which organizations mobilize resources – coercion and legitimate authority (the state), negotiated exchange in markets (business) and shared values in consensus-based systems (voluntary organizations) – can be used to argue that broad differences exist between the three sectors of institutional forms. Within policy circles the discovery of the third sector has been seen as having several possible purposes – as another potential delivery system for services, as an area of 'private' activity into which government can shift responsibilities, and, as we saw earlier, the notion of an arena of 'civil society' in which individuals can organize social action.

There is another line of thinking which has led to the third sector concept which is based on the history of activist organizations. Levitt's (1975) book deals with the changes in the nature of protest and social movements in the

United States, and represents one of the first documented uses of the term 'third sector'. It seems possible that Etzioni and Levitt both independently came up with the expression. Levitt traces the emergence in the 1970s of increasing social activism which was not just seeking 'specific reforms' as in the past, but was pressing for 'a more responsive society', with more 'benign behaviour' from government, business and educational bureaucracies than in the past, asking

Why suddenly have so many new organizations arisen to institutionalize this activism in order to tackle problems which for so many years were ignored by the other two sectors and generally tolerated by the rest of society? These new organizations – which I shall collectively call the Third Sector – demand our attention.

(Levitt 1975: 7)

These demands centred on a greater emphasis of quality of life over material goods, a more equitable distribution of resources, higher levels of public participation in determining what is equitable, and through active interest groups and personal involvement rather than just through conventional politics. Levitt was writing in the context of the emergence of highly visible activism embodied in student groups, the Black Panthers, women's groups, environmentalists and the US New Left corporate responsibility movement. He claimed that

To treat the Third Sector, its outcries and demands, its assertions and its tactics, simply as a brief though influential phase in the so-called American revolution is to miss the possibility that fundamental new institutions are being created and new methods for achieving social change are being irrevocably manufactured.

(Levitt 1975: 8)

The new ground which he identified took many forms, including challenging the 'safe anonymity' and controlling functions of large-scale bureaucracies in public and private sectors, a critique of normal bureaucratic 'professionalism', and the idea that government was unwieldy and unresponsive to people's needs.<sup>5</sup> Levitt points out that for too long policy makers and researchers have focused on only two broad sectors in a conventional taxonomy which divides society into public and private such that private is understood to be 'business' while 'public is presumed to be all else' (1975: 48).

But that leaves an enormous residuum, which itself is divisible in many ways. ... I have called this residuum the Third Sector ... a bewildering array of organizations and institutions with differing degrees of visibility, power, and activeness. Although they vary in scope and specific

purposes, their general purposes are broadly similar – to do things business and government are either not doing, not doing well, or not doing often enough.

(Levitt 1975: 49)

There has always been a third sector, but it was ignored by social commentators – church groups, labour unions, sports clubs and music associations. They have purposes, like all other organizations, but they differ chiefly in the tools they employ to get things done. Without any explicit reference to Etzioni's work, Levitt goes on to outline the different 'rules of the game' found in the different sectors. In business the main tool employed to get things done is that of exchange, rational calculation of competitive economics and market. In government the main tool is that of law, the power of compulsion, even if it is not explicit – the formal codification of legitimacy, whether real or contrived. Finally for the third sector, things run on voluntarism, donations of time and money and quiet persuasion. Participation, Levitt suggests, is not usually motivated by income (although the desire to protect income may emerge), while resources are mobilized by an organization's ability to seek and attract them voluntarily.

The concept of the third sector should best be seen as a guiding metaphor (Wuthnow 1991) or a Weberian 'ideal type', which provides an analytical framework for discussing organizational and institutional relationships, but which does not always correspond precisely with realities on the ground.<sup>6</sup> Najam (1996b) suggests that Nerfin's (1986) framework of three systems of power – the 'prince, the merchant and the citizen' – provides a useful 'way of seeing' by contrasting government and economic power with the power of 'citizens and their associations'.<sup>7</sup> The resultant notion of a three-dimensional web of the institutional landscape of society shows both the blurred boundaries which exist (for example between private sector business and some NGOs) as well as a set of quite distinctive concerns, such as the building of organizations in the third sector based primarily on social vision. As a guiding metaphor, it is also important to realize that while the concept is relatively new, the organizations of the third sector are not, and the concept allows us to reinterpret existing studies and data in a new light. As Levitt (1975) points out:

despite being ignored as a separate 'sector', a vast literature arguing about its forms and taxonomies exists.

For example, research by Smith and Friedmann (1972) and the work of numerous anthropologists which has long focused on the organizational activity of communities in different parts of the world (Lewis 1999b) offers a relatively long and detailed history of thinking about the third sector, to which it is always useful to return even if such work is not presented within the conceptual categories fashionable today.



With both mainstream and radical origins, the term 'third sector' is useful because it provides an analytical framework into which we can categorize NGOs as organizations based on a set of relatively clear conceptual distinctions in relation to government agencies and for-profit business. These boundaries are by no means completely clear or watertight, and may serve to obscure fundamental historical differences between states and regions (Tvedt 1998), but arguably they are a start. In the face of a bewildering range of culturally specific and disputed terms which we will briefly discuss below, the advantage of the 'third sector' idea is that it is relatively value- and culture-neutral.

## Conclusion

This chapter has briefly reviewed the rise of NGOs and the changing contexts in which they operate. We have considered the background to the growth of NGOs, and some of the reasons why these organizations have recently begun to interest researchers and policy makers. Aspects of the history of NGOs at international level have been presented, and this history is shown to have far deeper roots than is often supposed. The different regional and national contexts and influences on NGOs in different parts of the world has been briefly reviewed in order to show the high level of diversity among NGO traditions.

Next discussed was the problem of defining NGOs, the wide range of terminologies which are frequently used in the literature and the conceptual confusion this both reflects and creates. Making use of Najam's and Vakil's definitions of development NGOs, a distinction is made between a broad definition (NGOs as an umbrella term for third sector organizations concerned with improved services and wider social change, whether part of the aid industry or not, including both public benefit and self-help) and a narrow definition (NGOs as donor-funded intermediary organizations which support community-level membership organizations). However, even the narrow definition includes a highly diverse group of organizations working in different societies, sectors and policy environments. The broad definition is adopted as being useful to our general discussion, because it allows comparison between different types of organization which nevertheless still share certain common characteristics.

The chapter then traced the background to the recent rediscovery of the concept of 'civil society' which forms the backdrop for much of the current interest in NGOs, highlighting the liberal and radical traditions of civil society, and introduces the different ways in which NGOs are both part of and contributors to civil society. The chapter concluded by considering the concept of the 'third sector', which helps place NGOs as organizations on the conceptual map.

While it is clear that different parts of the world face very different relative profiles of state, market and civil society, it is important for NGOs

to be seen not in isolation but as development actors alongside many others. As Biggs and Neame (1995) point out, it is not always helpful to separate civil society from the state, and instead they argue for a focus on the relationships between the two in a given context. The same authors argue also that it should not be unquestioned that NGOs are always suitable vehicles for democratization, and, as we have seen, both civil society and social capital have their dark sides. Civil society can influence the state, but the opposite is also true. Democracy and civil society are processes and arenas which continually evolve, they are not goods which can be 'delivered', as some development donors and NGOs sometimes seem to think. In the end NGOs exist as one diverse set of actors within a set of complex, changing, context-specific social and political processes.

### 3 NGOs and development

#### NGOs and the 'aid industry'

For some people, the concept of 'NGO' is inseparably linked with the business of international development – to the multilateral institutions such as the World Bank and the United Nations, to the bilateral donors such as the UK Department for International Development (DFID) and a raft of specialized, development-focused international third sector organizations which channel funds from Northern governments and publics. There is some truth to this assumption. In many developing countries, the current donor fashion for NGOs has helped create situations in which the aid industry has greatly enlarged the size and numbers of the NGO community. In many cases, this leads to the creation of new NGOs specifically for the purpose of receiving the funds which are being made available. NGOs in some cases are the result of the 'supply' of resources from outside, which have led in many cases to the highly uncomplimentary view of NGOs as vehicles for unscrupulous individuals to 'get rich quick' (Lofredo 1995). Yet the 'donor' view of NGOs, while definitely part of the story, presents a somewhat incomplete and oversimplified picture of the world of NGOs, as this section will attempt to demonstrate. While there *are* clearly a great many NGOs which depend on international development assistance, there are others which seek to 'go it alone', relying instead on the voluntary labour of their staff or members, on contributions from the local or the international community, or on using the market for other sources of income.<sup>1</sup> There are also vast and generally unquantified private international resource flows between families and communities which constitute an important though often unrecognized source of survival and development (Sogge *et al.* 1996).

Despite the different independent political and cultural contexts which have shaped the emergence and growth of NGOs (and the fact that some NGOs choose not to receive funding from international sources), the NGO phenomenon cannot be discussed adequately without reference to the flow of development assistance and the organizations and institutions which sustain the aid system. NNGOs – many of which play the role of donors, project

implementers or 'partners' working with SNGOs and community-based organizations – form an increasingly important element of the 'aid industry'. In the 1950s and the 1960s NGOs and official donors tended to pursue different development agendas and remained largely disinterested in each other's activities and occasionally suspicious of each other's agendas (ODI 1995). NGOs were seen as organizations which were useful in emergency work rather than as serious actors in development work. Bilateral donors began to support NGO programmes directly in the 1970s, beginning with Canada and Norway, and this trend accelerated in the 1980s. This reflected a recognition by donors that NGOs could contribute to official aid objectives in the areas of poverty reduction efforts, environmental conservation initiatives and health and education work, but also reflected the growth of the 'new policy agenda' (Edwards and Hulme 1995) discussed earlier. What most donors seem to want from development NGOs is summarized well by Carroll (1992: 177), who lists effective service delivery (of shelter, credit, healthcare and so on), the rapid disbursement and utilization of project funds, an assurance that funds will be handled and spent honestly, a sense of 'ownership' of intervention fostered among beneficiaries which will lead to sustainability, and finally an increased role for NGOs in service delivery as part of the desired privatization of the state.

In practice, the problem is that it is very difficult to get accurate figures of aid flows to NGOs through official channels (Riddell and Robinson 1995). Data from the Organization for Economic Cooperation and Development (OECD) do not include increasing amounts of multilateral funding through NGOs, nor do official figures include the money going to NGOs within official aid projects, nor the funds channelled directly to NGOs from official country programmes (ODI 1995). OECD figures show that about 5 per cent of all official aid is now channelled through NGOs, while the proportion of total NGO funds in a country drawn from official sources varies very greatly, from 85 per cent in Sweden to 10 per cent in Britain. The pace of increase of official aid flowing to NGOs has been dramatic, such that between 1983/4 and 1993/4 Britain increased its official funding of NGOs by almost 400 per cent, to £68.7 million, with an increase of the share of total British aid to NGOs rising from 1.4 per cent to 3.6 per cent. Multilateral donors such as the World Bank and the European Union are also bringing NGOs into their development work as 'partners'.

Official funding for NGO projects and programmes can follow several different routes. The dominant model is that NNGOs themselves put forward projects and programmes and get funding from donors for particular countries, such as in DFID's Joint Funding Scheme (JFS) or SIDA's NGO programme. Some funds are also channelled through international NGOs (such as the Red Cross) and to NGOs specializing in sending volunteers abroad. A second route is to NGOs within donors' own projects and programmes. It is common for donors to sub-contract these projects to NGOs and provide all the funds to the NGOs which are required to carry

them out. ODI (1995) figures suggest that in recipient countries with a strong NGO presence, about 5 per cent of total bilateral aid funds are now going to NGOs for sub-contracting initiatives.

Box 3 *Official development assistance flows to NGOs*

It is almost impossible to get precise figures on the amounts of development assistance flowing to NGOs. According to recent DAC figures, the amount of official funds going to NGOs (for example through mechanisms such as the UK's Joint Funding Scheme or SIDA's NGO programme) currently stands at around 9 per cent of the total global flows. What makes it more complicated is that development funds also flow 'through' NGOs as NGOs are contracted to undertake official programmes or take part in official relief operations. If these resources are included, then the figure rises to approximately 15 per cent of global aid flows. The trend in the early 1990s for the growth of humanitarian aid to impinge upon funding to NGOs for development purposes can now be seen as a temporary trend only, but the 'diversion potential' away from development purposes in order to meet an international emergency situation remains high.

(Source: Roger Riddell, Christian Aid, personal communication)

The reasons for this growth are that

- (a) it follows logically from donors' earlier work with NGOs on relief, and is in some sense a 'natural progression';
- (b) donors have turned to NGOs as a result of the poor performance of their own programmes in the 1960s and 1970s, and because of the clear popularity of the NGOs in health and education work, and claims by NGOs themselves that they are able to reach the poor and improve their lives;
- (c) donors have seen NGOs as a way of getting around the problem of lack of impact due to inefficient or corrupt governments, or reaching people in countries where official aid programmes have been suspended.

There has been considerable discussion about the dangers for both Northern and Southern NGOs of having closer links with international development donors. Carroll (1992: 18) suggests that organizational learning and effectiveness might be reduced as the growth of 'contracting' places new administrative demands on NGOs generated by contrasting administrative styles (the donor brings a more bureaucratic approach with complex accounting and reporting) and an emphasis on outputs rather than on

longer-term learning and development. There may be a negative impact on grassroots organizational work, as donors are often reluctant to support long time horizons because they want to show rapid results to constituencies at home (Edwards and Hulme 1995). There may be a lack of clarity as to whether funds are contract payments (the donor decides what is to be done) or grants (the NGO decides what is to be done), as the Commonwealth Foundation's *NGO Guidelines* (1995) points out. Finally, most donors are reluctant to cover any of the core costs related to the projects, which may be unpopular at home (Carroll 1992). This can lead to NGOs which are under-administered and under-managed just because of a belief that NGOs do not need to spend much on these core costs. It makes NGOs feel that they are valued simply because they are seen as a cheap way of getting things done, not because of any creative skills.<sup>2</sup>

There have also been difficult questions in recent years, asked by both sides, of the changing relationship between Northern and Southern NGOs. By the late 1990s Northern NGOs found themselves operating in an increasingly complex policy environment. There are three main sets of changes which these organizations have in many cases experienced (Lewis 1998c). The first has been the steady shift from direct implementation of projects and programmes towards the idea of partnerships with local organizations, which would implement with their support. The second was the increase in direct funding by donors of Southern NGOs which in some cases and contexts began to bypass the Northern NGOs which had been used to acting as intermediary organizations. The third has been the new emphasis by donors on relief and emergency work in the 1990s, which was often at the expense of longer-term development activities. Combined with these pressures is the growing 'identity crisis' faced by some of these organizations which find themselves caught between 'one country's concern and the problems of people in another' (Smillie 1994: 184). This gives Northern NGOs an uncertain, hybrid character, since they are part of the third sector of the North, but work predominantly in the South.<sup>3</sup>

A further set of problems for NGOs in both North and South which are involved with the aid industry arises from what Smillie (1994) has called 'the tyranny of the project'. A preoccupation with development projects, rather than wider, more open-ended and long-term approaches, emphasizes donor control, and, according to Campbell (1994: 3), this ultimately 'prevents the community from effectively managing its own programmes' because it is difficult to build local ownership of externally driven activities. Another common complaint – heard mainly from SNGOs – is a vulnerability to changing donor fashions (such as environment, sustainability, civil society or gender) which come and go for reasons which lie well beyond the control of the NGO. Finally, there are also cases where SNGOs which depend on foreign funding find themselves taken less seriously by their governments if they try to negotiate with them over policy changes or engage in lobbying (Bratton 1989). Furthermore,

dependency by governments on NGOs to provide basic services, which are themselves dependent on foreign donors, may serve to undermine the basic rights of accountability of citizens to demand services from governments, since the resources which ultimately provide such services are controlled from outside the country (Wood 1997).

There is, however, evidence that NGOs have contributed to changes within donors' agendas as well. Issues which were previously seen as mainly NGO concerns are now beginning to influence the activities and the perceptions of official aid programmes – issues such as the concept of participatory planning, the gender dimensions of development, and environmental concerns. These have all to some extent become mainstream donor thinking. While many donors have long included NGOs in the implementation of their projects, it is becoming more common for them to consult NGOs on policy. For example, Norway consulted many NGOs when drawing up its bilateral programmes in Nicaragua and Ethiopia in 1993, and DFID recently completed what it called a civil society consultation exercise with a range of third sector organizations in North and South. Current donor concern with the issues of human rights and 'strengthening civil society' is in part another reflection of this reverse agenda (Riddell and Robinson 1995). Many NGOs nevertheless remain sceptical of these developments and claims, seeing them more as a convergence of 'language' (and subversion of radical discourse by more powerful development actors). For example, NGOs such as Oxfam remain on the whole highly critical of World Bank structural adjustment policies, despite the Bank's recent moves towards consultation with civil society organizations in many of the countries where it works.

For some analysts such as Biggs and Neame (1995), NGOs run the risk of being co-opted by the new orthodoxy, and it has often been pointed out that 'he who pays the piper calls the tune'. But more important perhaps is the possible 'closing off' of more independent NGO options and strategies by the preoccupation of many of the donors with linear, planned, mainstream projects rather than the complex and multi-dimensional processes required for sustainable development. According to Biggs and Neame (1995) this may threaten the long-term effectiveness of NGOs by pulling them away from the wider context in which they operate and from the links which develop over time with other actors and organizations. NGOs will need to retain their room for manoeuvre to adapt, innovate and maintain a range of accountabilities with different constituencies. NGOs will need to manoeuvre carefully around vested interests if necessary, by building links with the public sector, by using trustees to negotiate around key power holders, and by carefully building wider alliances and networks (Biggs and Neame 1995). The danger is that NGOs will lose, or will fail to develop, these abilities and strategies.

## NGOs and the contexts of 'development' and 'relief'

The concept of 'development' is one of the most problematic and contested terms of the current age, and this is not the place to undertake a systematic review of the different perspectives which exist.<sup>4</sup> In this book development is defined, as here, as deliberate efforts to secure positive changes in peoples' quality of life in economic, political and social terms. This includes the more conventional concepts of development in economic terms as well as the more recent empowerment and rights-based approaches (e.g. Friedmann 1992) or the new interest in the concept of 'social exclusion' (Bhalla and Lapeyre 1997).<sup>5</sup> Edwards puts this view effectively in his recent book, where he defines development as

the reduction of material want and the enhancement of people's ability to live a life they consider good across the broadest range possible in a population.

(Edwards 1999b: 4)

Alongside the concept of development, we also find NGOs frequently associated with the related field of relief and emergency work. In contrast to the longer-term challenge of development, relief work was commonly seen simply as an immediate response to natural or man-made disasters in terms of the relatively unproblematic challenge of distributing resources to those in need in the form of goods, services and technical assistance. Disasters were understood as interruptions in the linear process of development, after which 'normal' longer-term development work could be resumed (Macrae and Zwi 1994). In this model, the concept of 'rehabilitation' formed the bridge between relief and development. But development is increasingly understood in terms other than as a linear process, and the causes of disasters and famines are now seen as being far more complex. The emergence of the term 'complex political emergencies' signals a recognition that there are areas of the world where insecurity, instability and disorder are more or less permanent conditions (such as in Somalia or parts of the former Yugoslavia) where conventional thinking about 'development' or 'relief' interventions may be of very little value.

New thinking about relief therefore problematizes it in three ways. The first is that relief is increasingly understood as not – as was once believed – politically neutral, because political factors limit access to resources, and aid itself becomes a political resource. The second is the recognition that even after a problem or hazard has passed, the capacity of communities to access resources may be impaired and people may remain vulnerable. The third is the idea that relief and development tend to have different objectives, with the former concerned with physical survival and the latter aiming at sustainability and the building of appropriate social and economic systems. How can a process of 'rehabilitation' link these differing objectives?



Although it is in the countries of Africa, Asia and Latin America where the scale of poverty is most severe and where needs are greatest, it may also be important to recognize that 'development' is not only something which is being pursued in the 'developing world', as Gaventa (1999) has shown in his work on the growing links between economically marginalized communities in the US and countries such as Mexico and India. This is also true of relief – the Kobe earthquake in Japan was a disaster which required massive emergency efforts and generated an unprecedented response from and profile for the Japanese 'third sector' (Kawashima 1999). The importance of what has been termed 'globalization', in which international flows of trade, finance and information are taking place at an unprecedented rate, may increasingly contribute to this trend. This book tries not to take a prescriptive position with regard to any particular position on development or relief, but instead seeks to analyse the efforts of different kinds of NGO to organize and manage work within a broad development focus.

### **Analysing NGO roles: implementers, catalysts and partners**

We move now from a discussion of the general context in which NGOs operate to examine NGOs as organizations. The next section focuses on what development NGOs actually do, and suggests that this can be summarized broadly in terms of three main overlapping sets of activities and roles: those of implementers, catalysts and partners. Of course, each role is not confined to a single organization, which may engage in all three groups of activities at once, or may shift its emphasis from one to the other over time or as contexts and opportunities change.

The *implementer* role is defined as the mobilization of resources to provide goods and services, either as part of the NGO's own project or programme or that of a government or donor agency. It covers many of the best known tasks carried out by NGOs and includes the programmes and projects which NGOs establish to provide services to people (such as healthcare, credit, agricultural extension, legal advice or emergency relief) as well as the growth of 'contracting', in which NGOs are engaged by government or donors to carry out specific tasks in return for payment. The role of *catalyst* is defined as an NGO's ability to inspire, facilitate or contribute towards developmental change among other actors at the organizational or the individual level. This includes grassroots organizing and group formation (and building 'social capital'), empowerment approaches to development, lobbying and advocacy work, innovation in which NGOs seek to influence wider policy processes, and general campaigning work. The role of *partner* encompasses the growing trend for NGOs to work with government, donors and the private sector on joint activities, as well as the complex relationships which have emerged among NGOs, such as 'capacity building'. The new

rhetoric of partnership now poses a challenge for NGOs to build meaningful partnership relationships and avoid dependency, co-optation and goal displacement.

### *NGOs as implementers*

Implementation for NGOs usually involves the delivery of goods and services. As Carroll (1992) points out, service delivery is perhaps the most directly observable, visible role as NGOs attempt to provide goods and services that are wanted, needed or otherwise unavailable. An NGO can be engaged in providing services to its clients through its own programmes, it may be 'contracted' by government to provide services formerly provided by the state, or it can be contracted by a donor to provide services within a project structure. Increasingly, NGOs do not always provide the services to their target groups or clients, but may also provide services such as training or research to other NGOs, government or the private sector. Since the late 1980s, NGOs have been brought into World Bank structural adjustment programmes to provide a social 'safety net' to vulnerable sections of the population.

There has been a tendency for many to devalue the NGO implementation role. Korten (1990), for example, implies that his 'public service contractor' category of NGO is far from the creative, value-driven NGO ideal. Instead, NGOs are criticized for becoming closer to being private sector businesses, and therefore run the risk of being deflected from their original broader, value-driven goals by concentrating on services (Carroll 1992).<sup>6</sup> However, for many NGOs implementation and service delivery have been areas of relative success. For example, in agriculture NGOs may be engaged in the delivery of services to people in 'unreachable' areas such as the fragile, complex or risk-prone lands for which government outreach is poor (Chambers 1987; Bebbington 1991; Kaimowitz 1993) and NGOs may achieve this using local field staff rather than relying on outside 'experts'. NGOs may also go on to strengthen wider systems of delivery through training, research and innovation, particularly of government staff whose skills and outlook can be improved through the formation of NGO 'bridges' with groups of local farmers.

For example, the work of the Baptist Rural Life Centre (BRLC), in Mindanao in the Philippines, centres on the identification of soil fertility problems with poor upland farmers in communities which have been largely ignored by government extension service workers who are more interested in richer farmers who grow cash crops. The NGO developed a simple but effective technology, which would allow farmers to make the soil on sloping lands more secure and productive as well as providing a varied yield of essential foodstuffs throughout the year. Once this sloping agricultural land technology (SALT) had been tried and tested, the NGO then set about working to ensure it was utilized by other organizations and by government

through demonstration events and training work (Watson and Laquihon 1993).

One reason for the criticisms has been misgivings about the accountability and the sustainability of NGO service delivery work. Criticisms revolve around the relationship to government and whether NGO services are supplementing, undermining or replacing public services. Since some NGOs may be dependent upon foreign development assistance, it is not desirable for basic services to pass into the hands of NGOs whose lines of accountability are not clear. Carroll (1992) is clear that NGOs 'should emphasise capacity building or viability upgrading services, not routine services' and this is a view backed up by Brown and Korten, who state:

unless they [NGOs – MSOs and GSOs] are developing the capacity of indigenous organizations to replace them in their functions on a self-sustaining basis ... they cannot claim to be doing development work.

(Brown and Korten 1989: 11)

This is close to the ideas developed by Evans (1996) who argues that rather than NGOs and government merely complementing each other's work, a more useful 'synergy' can be created if the relationship is a mutually reinforcing one based on a clear division of labour and mutual recognition and acceptance of these roles. Robinson and White (1997) provide a useful framework in which to analyse these relationships, based on three basic processes within the public–private relationships around service provision – the *determination* of which social services are to be supplied, the *financing* arrangements for these services, and their actual *production*.

Some of those who advocate an increased level of NGO contracting for essential service delivery have taken on board such criticisms and instead advocate a 'pragmatic' involvement by NGOs. This stresses a limited time scale, and the ultimate goal of having the state (or the private sector) take over provision once new skills and approaches are acquired and resources mobilized (e.g. Poole 1994). While there may be good short-term reasons for 'gap filling' in public provision, NGO service delivery should ultimately be judged on its developmental impact:

while service delivery has a strong intrinsic value, it should really be evaluated on the basis of its instrumental value as a catalyst for other developmental changes.

(Carroll 1992: 66)

For optimists, the increasing profile of NGOs as service providers is seen as part of the growth of 'civil society', which will strengthen wider democracy and ultimately improve the efficiency and accountability of the state. In Africa, for example, Semboja and Therkildsen (1995) outline a scenario in which, following economic growth and 'successful' structural

adjustment, the state will create an appropriate 'enabling environment' to allow the NGO sector to prosper, with the result that the quality and sustainability of services increases. However, the same authors also outline a pessimistic (and perhaps more realistic) scenario, in which it is not always clear who or whose values NGOs represent, and where NGO links with donors, elite and state patrons create ambiguity as far as their role in democratization is concerned.

There are two main sets of issues for NGOs in terms of longer-term thinking about implementation questions. For those emphasizing pluralism, the growth of NGOs as service providers increases choice. For example, Brett (1993) points out that NGOs, alongside the state and private sector, exist within a pluralistic organizational universe, which will expand the range of social choice and potential as relatively autonomous agencies existing within an open society. The challenge is for NGOs to achieve accountability and performance levels comparable with the other two sectors. However, for those stressing the role of NGOs in promoting development and change, there is concern that NGO potential strengths might be under-used. After all, even when the quality of services is high, most NGOs offer limited, piecemeal or patchy provision which can never compete with the state in terms of coverage.

One future possibility is the increasing specialization and differentiation between two types of organization – between contracting NGOs and organizations with a more developmental focus (Edwards and Hulme 1995). For Carroll (1992), the key question is whether service delivery is a 'means' or an 'end' for development NGOs: a question which leads us neatly on to a discussion of the NGO role of 'catalyst'.

### *NGOs as catalysts*

For many development NGOs, a key strategic choice (or perhaps balance) is between what Korten (1987: 6) calls 'the output vendor versus the development catalyst'. This section discusses what the development catalyst role might mean for NGOs.

Starting at the community level, many development NGOs speak of 'empowering' their clients or beneficiaries. The word 'empowerment' has many meanings, from the radical transformative sense in which Freire's education ideas have been adapted by many NGOs to the personal 'self-improvement' sense in which it is used in countries such as the United States.<sup>7</sup> While the latter is of limited relevance to NGOs, there is still widespread variation in the ways in which 'empowerment' is used. Showing how the term has multiple origins from Western counselling work to Gandhian philosophy (as well as Freire's work), Rowlands (1995) points out that it is seen always in terms of a process which includes becoming aware of the power dynamics in one's life, developing skills and capacity for greater control, exercising control without infringing rights of others, and

supporting empowerment of others in the community. In this view, the process involves moving from insight to action, and from individual to collective action.

Empowerment has become central to ideas of 'alternative' development theory and practice. For example, Friedmann (1992: 31) shows how households are concerned with three different kinds of power: social (access to information, knowledge and skills, participation in social organizations, financial resources); political (access by individual household members to decision-making processes singly or in groups, e.g. voting, collective action, etc.); and psychological (an individual sense of power and self-confident behaviour, often gained from successful action in the other levels). As its central process, an alternative development seeks the empowerment of households and their individual members in all three senses.

Empowerment-centred approaches have also been used by development policy researchers to bring out the importance of gender and power in development. For example, Moser's (1989) view of empowerment rests on a generative view of power and links empowerment to problems of exclusion and participation, with an emphasis on bringing in people who are usually outside the decision-making process, as well as going beyond the formal institutions of political and economic power into the dynamics of oppression in the personal sphere. Moser's ideas also show that alternative development approaches, if they focus on the household, need to recognize that unequal access to decision making and resources exists within households as well as between them.

Freire's ideas of 'conscientization' placed emphasis on the role of an outside, professional facilitator who played an educational and ultimately catalytic role in creating the conditions for action towards change to take place. For some NGOs, this role is played by the NGO itself as it organizes and educates people and later withdraws. Case studies of the early work of the Bangladesh NGO Proshika illustrate the different ways in which this approach helped generate local efforts to act collectively to bargain for higher wages from landowners, to occupy land intended for redistribution to the landless but occupied by local elites, and for action to be taken by local police to support women's rights (Kramsjo and Wood 1992).

Thomas (1992) provides the example of ASSEFA (Association of Sarva Seva Farms) which takes such an approach, combining it with Gandhian ideas. This Indian NGO is a good example of local grassroots action based on Gandhian action. Formed in 1969, ASSEFA develops land given to the landless through the Gandhian Bhoodan 'land gift' movement. It initially worked on settling communities on this land, but now works for rural industries, education and health and works in five states. Its field staff work for many years with communities on 'empowerment' before moving on and leaving villagers to address their own problems in their own ways, having altered the balance of power. One previously landless villager remarked:

We have gained recognition in the village. Other castes, who were our masters earlier, now not only listen but pay attention to what we say.

(Thomas 1992: 121)

Although such an approach characterized earlier work in the 1980s and 1990s by many NGOs (see for example Hashemi and Hassan 1999, on Bangladesh) and provided a strong influence on the shaping of NGO philosophy (and rhetoric), most of these kinds of organization have now gradually moved towards a less radical, more market-based version of empowerment, which emphasizes empowerment through economic activity as well as through political activism. For example, the well documented Grameen Bank links women's empowerment to access to credit and participation in small-scale productive activities, although questions have been raised as to how far women's decision-making power within the household is affected (Holcombe 1995; Goetz and Sen Gupta 1996).

For Friedmann, NGOs are seen as vehicles which can link local action back into national and structural change. This takes us to another key NGO role as catalyst – that of advocacy. By the mid-1990s, advocacy had become widely acknowledged as an important NGO activity in building sustainable development (Covey 1995), and NGOs had come to see advocacy as a means for improving their effectiveness and impact, and as a potential strategy for 'scaling up'. Korten (1990) sees advocacy as a mature and developmentally sound NGO activity, particularly for NNGOs, because it addresses the structural roots of poverty rather than the symptoms, and because it moves NNGOs away from direct implementation in the South and towards engaging with power structures based closer to home. Jenkins, writing from the US non-profit perspective, defines policy advocacy as

any attempt to influence the decisions of any institutional elite on behalf of a collective interest.

(Jenkins 1987: 267)

For some NGOs this is a relatively new challenge. In her discussion of four SNGO case studies in the Philippines and Mexico, Covey (1995) assesses the effectiveness of advocacy not just in terms of achieving the desired policy impacts, but also in terms of the process itself, which is seen as making a contribution to a healthy civil society. This is connected to ideas about building 'social capital' advanced by Putnam (1993) and with ideas under the new policy agenda to build democratization processes within the South. As we saw in Chapter 2, the results are not necessarily developmentally sound, and a form of interest-group 'gridlock' can be the results of an active civil society meeting a weak state (Blair 1997). However, what comes through clearly from Covey's work is that NGOs can balance power in multi-organizational alliances by playing a 'bridging function' (Brown

1991) which links grassroots level and national or international action, and different kinds of organization.

For Northern NGOs there is a longer tradition of advocacy work, though results have been mixed. Edwards identifies advocacy as a distinctive type of activity for NNGOs:

it is an attempt to alter the ways in which power, resources and ideas are created, consumed and distributed at global level, so that people and their organisations in the South have a more realistic chance of controlling their own development.

(Edwards 1993: 3)

There have been some successes, such as the instituting of a baby milk marketing code, the drafting of an essential drugs list, and the removal of restrictions on international trade for some items, for example on the textile quotas from Bangladesh, which helped create new women's employment during the 1990s (Clark 1992). Advocacy has also become an important activity for Southern NGOs, where campaigns such as that against the Narmada Dam in India have been established by local organizations with international links. But according to Edwards (1993), in general results of Northern NGO advocacy have been rather disappointing, and in a harsh critique Edwards suggests that NNGO potential has not yet been fulfilled due to the absence of clear strategy, the failure to build strong alliances, an inability to develop alternatives to current orthodoxies, and the dilemma of relations with donors. More recently, work on the efforts of both SNGOs and NNGOs at the UN global summits has presented a more positive picture, showing how NGOs have achieved influence through lobbying, particularly in the base of 'low salience' policy issues such as environment, gender and poverty, as opposed to 'high salience' policy issues such as military spending, human rights and economic reform (Van Rooy 1997). Covey (1995) concludes that SNGOs need good links with the grassroots for an advocacy strategy to work, along with a stable and responsive government with which they can develop a dialogue.

### *NGOs as partners*

In the context of international development policy and practice, the concept of 'partnership' is increasingly in vogue amongst policy makers and practitioners. The recent British government White Paper on development is full of references to partnerships – between countries, donors, governments, NGOs and business – but offers no definitions and is vague as to the forms such partnerships might take (DFID 1997). A recent World Bank report in Bangladesh advocates partnership between the government and the NGOs under the title 'Pursuing Common Goals' (World Bank 1996).

Much of the interest in partnership in development circles during the 1990s has been in seeking to build links between the work of government agencies and NGOs in development projects (Farrington and Bebbington 1993). Brown and Ashman (1996) suggest that cooperation between government and NGOs needs to span gaps of culture, power, resources and perspective if they are to be successful. In broad terms, the creation of partnerships is seen as a way of making more efficient use of scarce resources, increasing institutional sustainability and improving beneficiary participation. At a more general level, creating links between government agencies and NGOs may have implications for strengthening transparency in administration and challenging prevailing top-down institutional culture, both of which may contribute to the strengthening of the wider 'civil society' and Bangladesh's fragile process of democratization (Lewis 1997). On the other hand, the increased interest in NGOs as vehicles for service delivery is strongly linked to demands for privatization within what has been termed the 'new policy agenda' (Robinson 1993) discussed in Chapter 2.

It is not therefore surprising that 'partnership' tends to mean different things to different development actors, and there is in practice a wide gap between rhetoric and reality. We can use the term 'partnership' to refer to an agreed relationship based on a set of links between two or more agencies within a development project, usually involving a division of roles and responsibilities, a sharing of risks and the pursuit of joint objectives, in this case between government agencies, NGOs, donors and farmers. The term 'linkage' is used to refer to specific points of the partnership at which activities are shared between different agencies and stakeholders at different levels of the project. A project which involves partnership is likely to have a range of inter-agency linkages at various levels. The use of the word 'partnership' covers a wide range of different relationships between agencies which may have either an *active* or a passive, *dependent* character, and this is discussed further in Chapter 6.

Active partnerships are those built through ongoing processes of negotiation, debate, occasional conflict, and learning through trial and error. Risks are taken, and although roles and purposes are clear they may change according to need and circumstance. Dependent partnerships, on the other hand, have a blueprint character and are constructed at the project planning stage according to rigid assumptions about comparative advantage and individual agency interests, often linked to the availability of outside funding. There may be consensus among the partners, but this often reflects unclear roles and responsibilities rather than the creative conflicts which emerge within active partnerships.

The origins of the partnership (such as compulsion, agreement or financial incentive) may hold the key to its success or failure, and may limit the scope for subsequent process monitoring. For example, agencies may enter into relationships in order to gain access to external resources which are conditional on partnership. Agencies can drift into partnerships without



adequately considering the wider implications. For example, new roles for staff may have to be created in order to service the partnership properly, or management systems may be required to monitor the progress of new activities. NGOs in particular are vulnerable to being viewed instrumentally, as agents enlisted to work to the agendas of others as 'reluctant partners' (Farrington and Bebbington 1993). Partnership may bring extra costs which are easily underestimated, such as new lines of communications requiring demands on staff time, vehicles and telephones; new responsibilities for certain staff; and the need to share information with other agencies. Building partnerships is likely therefore to be difficult.

While partnerships between different actors are usually seen by development agencies as essentially positive, there is a view, particularly among some NGOs, that 'partnership' may be becoming a degraded term. Clearly, any new thinking on forms of partnership is to be welcomed. In particular, mechanisms are needed for monitoring how the partnership is measuring up once the linkages are in place, and developing the means to achieve appropriate 'course corrections' when necessary. Many partnerships begin with a dependent character but can be made more 'active'. Essential to any notion of the value of deploying partnership as a tool for achieving project objectives is the idea that agencies acting together are able to achieve certain objectives which they would be unable to manage singly. This idea is the key to 'measuring' the success of any partnership.

### **Effectiveness: are NGOs any good at what they do?**

There are many arguments which have been made in support of the assumed advantages of NGOs over other types of organization (Anheier 1987). There is a social argument which is based around equity issues: the idea is that NGOs can encourage and facilitate participation of the poor and can reach strata of the population which have hitherto been left untouched or bypassed by public service delivery systems. This is because government sector agencies suffer from shortages of resources and face social and cultural access problems, and government decision making is over-influenced by the interests of elites. There is an economic argument, based on the concept of efficiency, which argues that NGOs provide services more cost-effectively than government agencies can, and that NGOs are able to generate self-sufficient, self-reliant and sustainable interventions. For example, Smith (1987) found that NGOs were generally more efficient than government projects, based on a greater cost advantage due to lower labour costs and incomplete pricing (relying on voluntary local inputs, taking no provision for depreciation, leaving out transaction costs such as site selection, grant seeking, information gathering, and the exclusion of long-range recurrent costs).

The political argument is that NGOs are less vulnerable to sudden and unexpected political upheaval and change than government agencies, and

that government agencies tend to have a 'hidden' political agenda which seeks to win votes or build patron–client relationships. NGOs are therefore seen as being more honest in that they are less likely to be guided by these types of political considerations in their work. Finally, the cultural argument points out that NGOs (and Southern NGOs in particular) are more embedded in the local culture and that they therefore can be more sensitive to assessing and meeting local needs. NGOs can also support local organizations in their own original contexts rather than building new ones or imposing their own large-scale organizations from outside on local communities. Each of these arguments can be shown to have some merit, but none can be taken for granted or assumed, and it is necessary to pay careful attention to specific cases and contexts. To make matters worse, there is surprisingly little data about the effectiveness of NGOs in either development or relief work (see Box 4). What we find in the literature is a set of writings which tends to take either a 'pro-' or 'anti-' NGO case based on limited generalized evidence or a specific narrow case.

One of the earliest examples of the pro-NGO case is Michael Cernea's (1988) report which was written for the World Bank. Cernea sees NGOs' main contribution as one of strengthening local organizational capacity, and he notes that

the NGO priority on first organizing the people embodies a philosophy that recognizes the centrality of people in development policies and action programs and the importance of self-organization.

(Cernea 1988: 8)

NGOs therefore seek to organize people to make better use of local productive resources, create new resources and services, promote equity and alleviate poverty, influence government actions towards these same objectives, and establish new institutional frameworks to sustain people-centred and action-centred development. NGOs therefore possess a 'comparative advantage' over government agencies, according to Cernea, in four main areas:

- (a) NGOs reach the poor in remote areas where government reach does not exist or is ineffective;
- (b) NGOs operate at lower cost due to the voluntary nature of their activities and lower technological overheads;
- (c) NGOs promote local participation by working with community groups as partners, emphasizing self-help initiatives and local control of programmes;
- (d) NGOs innovate and adapt to local conditions and needs.

In many ways Cernea's analysis serves as a useful benchmark against which the claims on behalf of NGOs can be measured.

There is also a growing literature which offers a comprehensive critique of the NGO phenomenon. The first of these to receive widespread attention was Judith Tendler's (1982) analysis of donor evaluations of seventy-two NGO projects from around the world, which found that many NGOs were often top-down rather than participatory in their decision making, that villagers were marginally (if at all) involved in NGO project design; that local elites often influenced or controlled NGO programmes; and finally that NGOs tended to introduce known techniques into new areas rather than actually 'innovate' themselves. This study has been influential in acting as a counterweight to the strongly idealistic pro-NGO literature which developed during the 1990s. Since then, many other writers have been critical of the attention which NGOs have received, and have pointed out that very little documentation from the field exists with which the pro-NGO lobby can support their claims.

Box 4 *The lack of agreement and evidence about the effectiveness of NGOs*

There are many perceived strengths of NGOs, but little hard data to support the claims which are often made. It is claimed that in comparison with government the main advantages of NGOs are social (a greater gender and poverty focus); economic (greater performance and efficiency, the ability to innovate and adapt); political (an emphasis on participation and human rights and an independence from government agendas); and cultural (a sensitivity to need and a focus on appropriateness of interventions) (Cernea 1988; Anheier 1990). However, many of these claims remain unsubstantiated. Vivian and Maseko (1994) also show that evidence for NGO performance is somewhat scanty. Judith Tendler's (1982) oft-quoted study provides an important critique of NGOs drawn from a wide USAID survey: NGOs were often top down in their decision making, villagers were in practice only rarely involved in project designs, local elites may well influence or control NGO programmes, and most NGOs tended to use well known techniques and only rarely innovated. Other critiques stress the role of NGOs as resource brokers rather than change agents (McGregor 1989; Hashemi 1989); as palliatives to real structural change (Arellano-Lopez and Petras 1994); the vested interests which exist between donors, NGOs and states (Sanyal 1991; Hanlon 1991); NGO limitations in relief work (de Waal and Omaar 1993); and NGO problems with sustainability and impact.

(Source: UNDP 1993)

The growing critique argues that within the aid industry there is too much overlapping of vested interests (donors, NNGOs and development idealists) to allow for real analysis of the issues or honesty (Sanyal 1991). There is also a suggestion that NGOs and their groups do not constitute real movements of the poor, but are simply groups of people brought together around provision of resources from outside, i.e. NGOs as the new patrons (in the Bangladesh context Hashemi 1989 and McGregor 1989). Such NGOs are not sustainable and fade as soon as their resources no longer flow; they also have little independent potential for decision making or action. Others have argued that NGOs actually harm the interests of the poor since they are a palliative – by defusing possibilities for genuine radical action by people who are poor they actually worsen the position of people by keeping them just above the poverty line (Arellano-Lopez and Petras 1994). The neo-colonialist critique goes further and sees NGOs simply as the servants of foreign capital serving its interests in the Third World.

Another set of criticisms focuses on the small scale of NGOs. NGOs cannot ever meet the needs of the whole poor – that is the role of government. They are too piecemeal and too small. In Bangladesh, where the NGO sector contains some of the most large-scale, influential NGOs anywhere in the world, the total combined NGO effort may only reach about 20 per cent of the functionally landless population of the country (which numbers about a half of Bangladesh's 130 million people) – leaving about 40 million people out altogether (Lewis 1992). And that is with diverse, unsystematic services. In fact, what NGOs end up doing is weakening government in the long run and perpetuating its inefficiency (UNDP 1993).

One of the most hard-hitting critiques of NGOs centres on the problem of accountability. NGOs are seen as relatively unaccountable to local citizens, and their receipt of increasing amounts of foreign funds conflicts with the sovereignty of the state (Sogge *et al.* 1996; Wood 1997; Tvedt 1998). In fact NGO accountability may shift towards foreign governments and NNGOs, and away from local people and local structures. Some of the most compelling arguments emerged from Northern NGO experiences in Africa during the humanitarian crises in Somalia and Sudan in the late 1980s. Some made the argument that NGOs' relief efforts may serve a purpose in the short term, but do not have much longer-term development impact because NGOs interact poorly with government and weaken local institutions (Abdel Ati 1993; de Waal and Omaar 1993).

Box 5 *The 1997 DAC donor evaluation of NGO impact*

A recent study of donor and NGO evaluations of projects and programmes concluded it was still difficult to assess the impact of NGOs because few organizations kept benchmark data or maintained effective monitoring systems. Most evaluations were weakened by a

preoccupation with 'impact' rather than learning, and the report argued that this led to a reduction of risk-taking and innovation because funding had come to depend only on impact. The results of the evaluation showed that while NGOs may be more effective than government in reaching the poor, they tend not to reach the very poorest section of the population; that more than 85 per cent of projects met their objectives (which is much higher than government); that the rate of innovation was less than is often assumed or claimed; that assessments of cost-effectiveness were inadequate because fixed costs were usually ignored in the calculations; that sustainability was difficult to assess because few NGOs collected data after a project had ended, but that the poorer the people involved, the less likely was sustainable impact to be achieved; that NGOs were more gender focused; and finally that replicability was rarely considered in evaluations.

(Source: drawn from Riddell 1999)

Other criticisms of NGOs have been concerned with efficiency issues, and there is evidence that NGOs may not be particularly cost-effective. Ellis (1984) suggests that NGO projects often have poor cost-benefit ratios, are not sustainable in the long run and are not very replicable within the wider society. NGOs actually spend far more in their service delivery than governments do, so when NGOs claim better results it is not really surprising. They have far more resources and, if government had these levels of funding, according to this line of reasoning, they would manage the same level of success.

It quickly becomes clear from this brief summary of the various discussions about NGO strengths and weaknesses that NGO positive and negative qualities are often both sides of the same coin (Annis 1987). For example, what is seen as flexibility and spontaneity by some people can easily be viewed as amateurism by others. Those who argue that it is useful to compare NGOs and governments perhaps miss the point. The broad value of NGOs is perhaps summed up most effectively by Brett, who argues that NGOs need to be seen alongside government and private sector organizations in a 'pluralistic organisational universe', and therefore selected for specific tasks on the basis of some common criteria for performance judgement:

Significant similarities exist between the three kinds of organisation, which enable us to apply theories developed across the whole range; but real differences in philosophy and practice still remain between them, and this makes it possible for each to solve particular kinds of problems more effectively than the others. Thus, providing support selectively to

all of them is likely to produce a pluralistic organisational universe which will expand the range of social and individual choice and potential.

(Brett 1993: 298)

A recent evaluation study by Edwards (1999a) of four organizations in South Asia is a revealing and balanced study which seeks to identify the criteria which contribute to successful NGO initiatives in terms of impact, sustainability and cost-effectiveness. The results uncovered a large variation in all three criteria, which can be understood as the result of the interaction between the context in which the NGOs operate and *the external influences* on their work, and a set of *internal influences* based on the organizational choices which the NGOs make. Although the contexts of, for example, the Indian state of Orissa and that of rural Bangladesh offer different levels of opportunity and constraint, the high variation in NGO performance was attributed more strongly to the different strategies selected by the NGOs, such as the ability of an organization to combine clarity of purpose with a sustained, long-term commitment to its work, a balance between material provision and community organizing, good organizational learning and communication, and the use of strong external linkages for leverage and ensuring resource flows.

The point is not only that NGOs deserve to be seen alongside a range of other actors in development, but also that it makes little sense to generalize about organizations which vary enormously within and between contexts. Fisher (1994: 139) ends a recent article by saying that

Despite the remarkable similarities among NGOs in different parts of the Third World, the time for 'feel good' generalised discussions of 'North-South partnership' is past. Country-specific field research on 'who is doing what where' is an urgent necessity, given the global need for sustainable development.

This is perhaps true of more than just partnership issues between North and South, but also of the entire discussion on NGOs. However, it is also wise to keep in mind the claims of some of the more critical observers of the international NGO scene, that the diversity of the NGO community is exaggerated and that there is a worrying trend towards isomorphism towards routine NGO service delivery rather than the challenging array of activities often claimed for NGOs by their advocates (Tvedt 1998).

## Conclusion

This chapter has moved on from the broader contextual discussion of Chapters 1 and 2 to focus more clearly on the organizational dimensions of NGOs and their roles in development. The chapter has outlined the main NGO roles in development, seen here as implementation, catalysis and

partnership, and considers different views of the effectiveness of NGOs in these roles. A recurring theme during the book is therefore the need in our analyses to appreciate the diversity of NGOs as organizations, and to recognize that this diversity is central to the creative ideas, insights and approaches which NGOs can bring to development. Finally, there is a firm need to locate our discussion of the problems and issues of NGO management within specific historical, cultural and political sectoral and country contexts. There is no general 'blueprint' for either managing or understanding NGOs and their activities. As we saw earlier in this chapter, Korten (1990) has suggested that many NGOs have moved through a sequential learning process, in which organizations may owe their origins to relief and welfare work but gradually move into more developmental roles over time. Korten's theory of NGO generations and strategies seeks to explain how NGOs emerge, change and manage a variety of tasks. While this framework should not be taken to imply unidirectional change or standard NGO patterns, it does represent one window of understanding on the different ways in which NGOs have approached development work.

## 4 Culture and ambiguity

### Anthropological approaches to NGO management

#### Introduction

This chapter explores the ways in which organization theory opens up further possibilities for the analysis of NGO management, and argues that perspectives on culture and values – particularly those informed by insights from anthropology – can assist us in understanding distinctive aspects of NGO operation in terms of the analysis of context, culture and values. Social structure is concerned with the social relationships which exist within an organization, while culture refers to the shared ideas and values which people bring to these relationships (Jones 1996). As we saw in Chapter 1, it has been common to distinguish between two main groups of approaches to management. The first is top-down management, which stresses control, hierarchy and instrumentality; while the second is enabling management, which emphasizes process, flexibility and participation. For many development activists, the concept of management was strongly associated with the first tendency. Management has therefore often been problematic for people working in third sector organizations, many of whom wish to disassociate themselves from the mainstream values with which it is often associated. This type of management tradition alienates many of the senior staff in third sector organizations, who may instead choose to see themselves as ‘facilitators’, ‘organizers’ or ‘coordinators’. For example, in a survey of the directors of US development NGOs undertaken by Stark Biddle (1984), there was a clear reluctance among most of these managers to accept that their NGOs could be run like other organizations, because they were felt to be different. This sense of ‘difference’ was based on a belief in the ideals and values of participation, closeness to the poor and flexibility, and on an assumption that top-down management ran contrary to such a belief. These managers felt that they would become contaminated by the mainstream values of hierarchy and authority, but as Stark Biddle points out this ironically left many of these NGOs with a set of basic management weaknesses.

Korten argues that the origins of many NGOs lie in the efforts of key individuals to mobilize efforts based on altruism:



They have relied upon high moral purpose, good will, hard work, and common sense to make them successful. Until recently the application of effective professional management techniques, and in some instances even the acquisition of technical competence, has not been seen as relevant to their purposes. These particular NGOs are best described as being at a pre-bureaucratic stage, lacking adequate development of basic management systems and procedures.

(Korten 1987: 155)

The reluctance of some NGOs to take management seriously has sometimes been based on a fear of what Chambers (1994) has called 'normal professionalism', which negates many of the stated values of NGOs in their work – rich over poor, blueprints over adaptation, things over people, quantity over quality, the powerful over the weak, etc.

Some NGOs actively espouse an ideological disdain for management of any kind, identifying with it the values and practices of normal professionalism, and placing it in a class with exploitation, oppression and racism.

(Chambers 1994: 156)

From the work of Chambers and others, Korten identified a set of emerging 'alternative management approaches associated with the new development professionalism':

Rather than supporting central control they support self-assessment and self-correction, driven by a strong orientation to client service and a well-defined sense of mission. Highly developed management systems provide rich flows of information to facilitate these self-management processes.

(Korten 1987: 156)

An example of this is the difference between the concept of 'strategic planning' (in which a specialized planning unit makes a plan which may often be resisted by other parts of the organization) and that of 'strategic management', which requires a more inclusive process to bring staff at all levels of the organization into the identification and implementation of organizational choices. Korten makes a connection between the level of interest in management in an NGO with its stage of growth, and these ideas are discussed in relation to the NGO generation concept later in this chapter.

Whatever some idealists may have said, there are those who claim that basic top-down management can be useful to NGOs in certain circumstances. Dichter (1989a) provides an example of a dysfunctional large savings and credit society which had failed to produce a dividend for seven

years and whose leadership was widely seen as corrupt. Employing what were essentially a set of top-down, 'blueprint' management approaches, an international NGO was asked by a presidential commission to reorganize the society. Over an eighteen-month period, a country national was appointed as transitional interim manager, and removed seven senior staff from their jobs and organized for key headquarters staff to be trained in new administrative systems, basic financial controls and computer systems. The result was that the society's assets increased by 100 per cent and membership increased by 560 per cent, and five years later the cooperative remained successful.

More recently, there have been signs that an opposite tendency can also be found amongst sections of the NGO community. Some NGOs have revised their opinion about 'management' and have rushed headlong into trying to import the latest management techniques (usually from the private sector) in an attempt to address organizational problems through the application of a managerialist 'quick fix'. For example, it was common for many Northern NGOs during the 1990s to emphasize the need to develop systems for strategic planning, precisely at the time when private sector management theorists such as Henry Mintzberg (who was one of the originators of the concept of strategic planning in the 1970s) were giving up on it as a useful tool (Mintzberg 1994). In a recent article on the US non-profit sector, Mulhare (1999) shows that the adoption of strategic planning techniques took place in the 1990s despite the growing critique of the concept in the business world, and suggests that this was due not so much to evidence that the technique was a successful one, but to the growing professional culture of the non-profit sector which made it important to signal the adoption of business methods and ideas.

While there may be tensions between different approaches to management, there are also issues arising from the different cultural contexts and values which inform management practices. As we saw in Chapter 1, Dichter (1989a) notes that both the top-down and the enabling approaches to management are derived essentially from the Western private sector – although development NGOs may often be unaware of this – and suggests that while NGOs need to pay attention to basic management principles, it is important to consider the different contexts in which NGOs operate. Meanwhile Campbell's (1987) framework for understanding NGO management emphasizes cultural difference as a key element.

This chapter discusses selected aspects of organization theory in relation to NGO management, and argues that certain basic understandings of leaderships, life cycles and learning are useful for understanding NGO management. The second part of the chapter considers organizational culture and the increasingly transnational aspects of NGO management, and draws on cross-cultural material drawn from an area of research which has been termed the 'anthropology of organisations' (Wright 1994).

## NGOs and organization theory

This section moves us on to a discussion of selected issues in the field of organization theory which may be relevant to the study of NGO management. This is a largely new approach, because organization theory has not traditionally identified third sector organizations as being distinctive, and most NGO researchers have been slow to consider whether organizational theory might offer insights into how NGOs are managed. This chapter does not therefore pretend to offer a comprehensive review of organization theory, which is a vast field, but instead reviews actual and potential points of interaction between the two.

While most organization theory has its roots in the business sector, many of its ideas are relevant to NGOs. At a very basic level, organization theory allows us to break down an organization into its constituent parts. Hatch (1997) presents a conceptual model of 'the organization', represented as the interplay of four inter-related elements: culture, social structure, physical structure and technology, and suggests that all of these are 'embedded in and contributing to an environment'. Such frameworks are now becoming part of the discourse around NGOs, particularly in connection with the recent growth of interest in NGO 'capacity building', discussed below in Chapter 7. Hatch's framework serves as a useful one within which to analyse NGOs as organizations. Like most research fields, organization theory is a far from unified body of work, and different approaches and traditions compete with each other for explanatory power. Hatch describes the multiple and often contradictory perspectives offered by organization theory by summarizing three main research traditions – which she terms *modernist*, *symbolic-interpretative* and *postmodern*.

'Modernist' organization theory has its roots in several thinkers from the first part of the twentieth century. The sociologist Max Weber's theory of rational-legal authority exercised through an objective and impersonal bureaucracy is a cornerstone of modernist organization theory. The ideas of F. W. Taylor and his notions of 'scientific management', and Henri Fayol's theory of the rational administration of organizational activities, both of which emphasized structure, hierarchy and control, have also been influential. Later, open systems theory brought with it the idea of organic growth and development of organizations, their different levels of activity and the interconnectedness of organization and environment.<sup>1</sup>

The symbolic-interpretative perspective emphasizes the subjective realities of organizational life and shows how organizations are built from negotiations and understandings of the world. In this view, organizations are socially constructed and can therefore be changed, assuming we can become more aware of our participation in organizational processes. The importance of ambiguity is recognized as being both a source of power and creativity as well as perhaps an area of danger and confusion.<sup>2</sup> The anthropologist Clifford Geertz's (1973) concept of culture as socially constructed and open to continuous change was used to explore how people within organizations

create and maintain 'organizational culture' through the use and interpretation of symbols.

More recently, the postmodern perspective on organizations evolved as a critique of the modernist quest for universal explanations for organizational life, and concentrates instead on complexity, fragmentation and contradiction. In the postmodern view, organizational change is becoming less predictable as information is exchanged more rapidly and more frequently, and organizations themselves are becoming more informal, flexible and participatory in response to growing uncertainty. At the same time, the radical critique of power in organizations within the postmodern approach had led to the need for self-reflexive organizations and for means through which 'voice' can be achieved for those marginalized or excluded within organizations.<sup>3</sup>

Box 6 *NGOs and organization theory: the 'resource dependency perspective'*

An area of organization theory which has been employed to improve understanding of the ways in which NGOs are managed is the 'resource dependency perspective' (Pfeffer and Salancik 1978). The theory is based on the idea that instead of seeing organizations as relatively autonomous, the environment is a strong constraining influence which limits its room for manoeuvre. All organizations depend on the environment for the resources they need, and to do this they must continuously negotiate and exchange, and in this sense are to a large degree 'externally controlled'. Organizations try to reduce this dependency by controlling the flow of information about themselves to outsiders and by diversifying their sources of resources. Environmental contingencies also therefore help determine internal management factors, such as succession to leadership positions. The function of management becomes the need to direct an organization towards a more favourable relationship with its environment through three kinds of management action – symbolic, responsive and discretionary. *Symbolic* management refers to actions which make little or no difference because outcomes are in reality determined mainly by the context, such as replacing a leader. This only alters appearances, but if people believe a new leader has some power (even if they don't) it may relieve the pressure. *Responsive* management refers to actions taken by managers which do make a difference, even though they are undertaken within the constraints created by the environment. The *discretionary* role is the successful balancing of these constraints in the interests of the organization, based on good 'scanning' of the environment for information. Hudock (1995) shows how this theory is useful when applied to NGOs which are highly financially dependent on donors. Hudock shows how SNGOs in West Africa are extremely

vulnerable to goal deflection and unplanned structural change in the struggle to meet external demands. However, Billis (1993a: 213), writing in the UK third sector literature, is somewhat critical of the resource dependency perspective for depicting organizations 'at the mercy of powerful and almost uncontrollable forces', and argues that organizations should be seen as having real choices.

Hatch argues that these three traditions are not mutually exclusive and suggests that a 'multiple perspectives approach' can allow each of these traditions to have the potential to illuminate different aspects of organizational life. This approach resonates strongly with what we know about NGOs, which reveal themselves as highly complex organizations working in increasingly diverse and rapidly changing environments. For example, this chapter will discuss the strong interest among NGOs in 'organizational learning', which has emerged strongly in the symbolic-interpretative tradition. In Chapter 7, the importance of postmodernist ideas to organizational change within NGOs is considered, and we will also analyse the work of third sector researchers such as Billis (1993a) who has built upon Weber's ideas on bureaucracy in developing a theory of the voluntary sector in the UK context.

### **Leadership and life cycles: Korten's model of NGO generations**

One area of organization theory which has proved influential in the NGO context is the evolutionary view of organizational life cycles used to help understand patterns of organizational change and leadership. Life-cycle theories of organizations have a long history in organizational studies, and allow reflection on organizational change not just in terms of values and approaches, but also in terms of changing structure. According to Hatch (1997) it was Greiner in the early 1970s who first used the metaphor of the human life cycle to help understand the structural changes experienced by organizations over time. Greiner set out a series of five phases through which most organizations will pass, and termed these the entrepreneurial, collectivity, delegation, formalization and collaboration phases. Each phase is dominated by a distinctive focus, and Greiner suggested that transition to the next stage was usually triggered by a serious crisis which threatened the very survival of the organization. The reasons for each crisis also followed a sequential pattern which started with a leadership crisis, followed by one of autonomy, control, red tape, and finally by a crisis of renewal. In this way, according to Hatch (1997: 177), 'every stage of an organization's development contains the seeds of the next crisis'.

Life-cycle theories have influenced David Korten's outline of NGO generations discussed briefly in Chapter 3. Korten (1987) suggested a model

of organizational evolution through a series of stages of development based on incremental learning. This leads to a chain of increasingly sophisticated approaches to working with poor people in terms of sustainability, self-reliance and participation. Korten's original paper outlined three distinct generations of 'private voluntary development action' based on three kinds of programming strategy.

The NGOs which Korten analysed tended to move along through a threefold sequence of stages of organizational development and programming strategies based on growing awareness of broader ranges of possibilities. The first generation is that of relief and welfare. The aim is that of meeting immediate deficiencies among beneficiaries for food, healthcare or shelter. At this stage the NGO is the 'doer' and there is a largely passive role for 'beneficiaries', and the main management needs are skills in operations and logistics management in the delivery of welfare services. The result of the work of most first-generation NGOs is the temporary alleviation of the symptoms of poverty, but it does not really address the root causes. The second-generation NGO approach is that of small-scale, self-reliant local development, in which NGOs seek to transform themselves into development agencies and focus on 'community development' work aimed at creating self-reliance and sustainability of projects. In the cases reviewed by Korten in the 1970s, the growth of donor support to NGOs brought about a need for these NGOs to focus more strongly on the need to develop better project management skills. These NGOs moved from being primarily 'doers' towards a mobilization role. The problem which then emerged was that many NGO efforts turned out to be largely unsustainable after the withdrawal of the NGO, and amounted to little more than 'handouts in a more sophisticated guise'. This led to new thinking and a subsequent focus on sustainable systems development as the third-generation stage. At this point, the NGO looks beyond the immediate community in which it works to also seek changes in the institutional and policy context to create an 'enabling' environment for greater local control and initiative. The NGO realizes that gains made still depend on the continued presence of the NGO and donor funds, and that by acting on its own, only local, piecemeal impact can be achieved. The NGO may seek to establish links with larger institutions to provide services on a more sustainable basis, such as a collaboration with a bank or a link with a government agency. In this model, which has been highly influential, a development NGO gradually moves from being primarily a service provider to being a catalyst which seeks to gain leverage over policy discussions in favour of poverty reduction and which 'bridges' the efforts of community-based initiatives and other development actors.

Korten (1990) later began also to speak of 'fourth generation' strategies for NGOs in which they experimented with wider alliances with social movements and subordinated their organizational identities within these wider social forces.<sup>4</sup> This is based on a refusal by NGOs to be simply

'patching up' wider development problems, and instead to reach for an alternative development paradigm. In doing this, some NGOs are therefore now turning their attention towards social or 'people's movements' – helping to create changes in public consciousness which will mobilize voluntary action on a national or global scale – women's movements, peace movements and environmental movements. But as Korten points out, movements have a history of becoming institutionalized once they burn out their initial energy, such as in the case of the Chinese Mass Education movement. This was started by James Yen in the 1920s, and gradually took on a momentum of its own, with several hundred volunteers teaching literacy to five million villagers around the country. Gradually it was identified by outsiders as a successful venture, and public funding and US support led to its institutionalization. By the time the communists came to power in China the original spirit of voluntarism had gone. NGOs have only recently begun to accept the challenge of the fourth generation, which is for the NGO 'to coalesce and energise self-managing networks over which it has no control'.

In a footnote, Korten explains that the generation concept is drawn from a notion of the human family, in which new generations take their place alongside the older ones. What drives the changing orientation of these organizations is, according to Korten, not necessarily a series of organizational crises, but a combination of the growing awareness of local community needs and a clearer definition of the NGO's own 'purpose and distinctive competence'. Korten sees this purpose as ultimately leading towards the 'catalyst' role. Although these different approaches may all be present within the wider NGO community (or even within one single organization at any one time in different programmes), Korten presents the framework in terms of an evolutionary scheme:

there is an underlying direction of movement that makes it appropriate to label these orientations as first, second, and third generation.

(1990: 147)

Although Korten is not very specific about how these changes take place, it seems to imply 'evolution and adaptation to the socio-economic context' (Senillosa 1998: 46) as a result of some combination of internal and external forces. Indeed, Korten ends the article with a set of comments about the need for NGOs to improve their management systems and structures in order to improve their effectiveness (see below). The generation framework has been influential and has been widely cited by writers on NGOs (e.g. Clarke 1998; Vakil 1997).

Senillosa (1998) makes certain criticisms of the 'generation' idea, pointing out that several different generations can co-exist within one organization, rendering the concept rather imprecise, and suggests some of the different ways in which NGOs may evolve in different contexts. For

example, at a recent workshop in Nigeria which I attended, several education NGOs were discussing the need to move away from solely concentrating on advocacy work (their original purpose) towards service delivery through which real and immediate needs could be met, and which many felt would give organizations more credibility both with local communities and with policy makers. The idea of evolutionary models of organizations is not without critics, who point out that like all linear models, a complex reality becomes simplified. Critics of life-cycle theory have pointed out that organizations do have levels of autonomy and 'room for manoeuvre'. They suggest that organizations do not change along predefined paths and have drawn attention to the importance of the environment, structures and the human resources of organizations in determining patterns of change. There is also a problem of subjectivity in the generations idea, in terms of the implicit assumption that as it evolves, the NGO becomes 'better'. This becomes apparent in that while Senillosa states that there need be no hierarchy in the different generations of NGOs – 'the first generation is no worse than the fourth' (1998: 46) – he is at the same time making the claim for fourth-generation NGOs that they hold the key to the future. Like much of the writing on NGOs, the theory contains an at-times-difficult combination of subjective tone (which seeks to identify an 'ideal' path along which NGOs might move) alongside the presentation of an 'explanation' of how NGOs as organizations change over time.

Despite the argument that the increasing sophistication of NGO approaches moves organizations towards the 'fourth generation' strategy, some research suggests that funder pressures in the 1990s have pushed many international NGOs towards a welfare approach (Atack 1999). Avina's (1993) article which related the life-cycle idea to NGOs specifically presents a somewhat different framework (though still within the overall terms of the life-cycle metaphor). This framework is drawn from his own observations rather than from the literature, and seeks to set out a four-stage life cycle of NGO evolution, suggesting that both external factors and internal factors can help determine movement from one stage to another: start up, expansion, consolidation and finally close-out. These stages are presented by Avina in order to provide NGO managers with a 'map' with which an organization can plan and adapt its structure and strategies, and perhaps resist external pressures for change. In this way the generation concept can be seen to have implications at the level of NGO strategy, while the life-cycle concept has meaning at the level of particular organizational trajectories. However, both concepts need further elaboration if they are to help us understand where NGOs are going.

Other criticisms can be made from the perspective of organizational choice. For example, writing in the UK non-profit literature, Billis (1993a) argues that the life-cycle model is too mechanistic and needs to be set against internal organizational choices which are downplayed by life-cycle theories. This, he argues, has a crucial bearing on the trajectory taken by an



organization because there is always an element of choice – albeit often constrained – in the decisions taken about how an organization changes its structure or diversifies its activities.

At the level of the individual, the concept of generations also leads us to reflect on the changing roles of charismatic leaders and followers (often a defining feature of many development NGOs) as well as the changing character of different generations of NGO staff. Writings on NGOs have revealed a tendency for these organizations to be centred around strong, often ‘charismatic’ founder leaders, who use their contacts to mobilize resources and to manage the political environment in which their organizations operate. There may be a few founder individuals who ‘retain charismatic control over the organization as it grows’ and who tend to monopolize contacts with other agencies and with the government (Wood 1997). A remark made by an NGO staff member on a recent trip to Bangladesh (where many of the main NGOs are still led by their original charismatic founder-leaders) made this clear to me:

People say that we are unfortunate in Bangladesh that we have yet to experience the death or retirement of a major NGO leader.

What was meant was that the main NGOs had not yet been ‘tested’ by a leadership crisis (in Greiner’s sense) and the suggestion was that NGOs were not yet in this sense mature.

Bryman shows that recent work on leadership in organizations has revived interest in the ‘charismatic leader’, creating an emphasis on heroic individuals or the roles of top executives in organizations rather than on the contextual factors which influence leadership, such as organizational structure and systems (Bryman 1992: 157). There has been very little research as yet on the role of NGO leaders, though it would seem from casual observation that the ‘charismatic’ leader is a vital component of many an NGO, particularly in its early years. Edwards’ (1999) study of South Asian NGOs found that the more successful NGOs tended to have ‘inspirational but not overbearing’ leadership, which was able to guide the organization through crises and provide a clear sense of direction while allowing room for initiative and ideas from throughout the organization and its clients. At the same time, contingency theories of leadership – which stress context rather than any innate human qualities of leadership – can also be seen to be important for NGOs. In the Bangladesh context, some of the major NGO leaders are clearly charismatic individuals supported by their class background, social status and levels of education. Others draw some of their power from contextual factors such as having been student activists in the pre-Independence period, while others were returnees who came back to their country from overseas in order to put into practice humanitarian or development-oriented programmes. Hailey’s (1999) work on South Asian NGO leaders highlights the ‘chameleon-like’ qualities displayed by

successful individuals who operate with different kinds of 'intelligence' which they need to continuously combine if they are to maintain their position and their success. Hailey terms these types of intelligence aspirational, rational, environmental and interpersonal. Wood (1997) points out that the dominance of charismatic leaders who use personal networks and extended kin ties to structure NGOs, and the centralizing tendencies in which even trivial decisions need to wait for decisions from the top, while certainly raising problems of nepotism and inefficiency, can nevertheless also be seen more sympathetically as organizational adaptations to a frequently hostile institutional environment.

The challenge for understanding NGO leadership issues is to move beyond the 'one best way' tendency of some of the new leadership studies brought about by the Peters and Waterman line of thinking (the 'guru' approach to organization studies) and accept that there is no one way of providing effective leadership, as contingency theory convincingly showed (Bryman 1992: 157). Does the leadership succession question raise important questions about the future of NGOs? Or will such conflicts be negotiated in ways so far unidentified? Leadership problems, after all, have been negotiated by some of the UK NGOs such as Amnesty International.<sup>5</sup>

Organization theory may be a useful analytical lens through which to assess the changing roles and structures of NGOs by focusing on what goes on inside the organization rather than, as much of the research on NGOs tends to do, focusing exclusively on the work which NGOs carry out. The 'generation' concept raised by Korten brings forward three issues which are now crucially important for research on NGOs. First, what drives the changing orientation of NGOs, a fact not specified by Korten's work (which is a major weakness of this and many other life-cycle theories)? Second, a useful link is made within the generation discussion with the need for closer attention to be paid to NGO management issues. Third, the role of individual leaders in relation to the life cycle is highlighted by these debates. But the concept of the organizational life cycle and the NGO generation idea are likely to have crucial limitations if they are used to predict the organizational trajectories of development NGOs, where evidence points to non-linear, multi-directional changes based on a combination of outside pressures and internal choice and decision making. The life-cycle model also arguably focuses too strongly on the role of leadership, and has been criticized in this regard by Hatch, who shows, drawing on ideas about 'open systems' ideas, the importance of organizational structure for organizational effectiveness.

## **Organizational learning**

The open systems approach to understanding organizations brings us to an area of organization theory which has been enthusiastically embraced by many NGO writers. The concept of 'organizational learning', which during

the 1990s has bloomed into a wide-ranging area of theory and practice, has engaged the attention of both management thinkers and NGO activists, though it has its origins in the private sector. There are many different writers and approaches to organizational learning, but Peter Senge is the 'management guru' who became strongly associated with the idea when his (1990) book *The Fifth Discipline* became a management bestseller. Senge's argument was that organizations need certain skills if they are to survive in a rapidly changing world, but that many are held back by a set of 'learning disabilities'. This idea draws upon the work of Argyris and Schon (1978), who showed how people in organizations face contradictory pressures on their behaviour which produce unhelpful 'defensive routines' which inhibit learning and lead them to resist change. For example, control systems in organizations can generate a paradox in which staff are told at the same time to take initiatives and risks, but not to violate rules and regulations, and this leads to a profound tension between the need for stability and the need for change.

These disabilities include the tendency to learn only from experience (when it is necessary to also learn indirectly from the experiences of others) and the tendency of individual staff not to see the whole picture above their individual concerns. Senge set out five key skills, which he called 'disciplines', for managers to acquire: personal mastery (the need for staff to learn self-discipline and self-awareness); flexible 'mental models' which avoid the pitfalls of stereotyped thinking and reveal an openness to new ideas; the building of a shared vision about what the organization wishes to achieve; a commitment to team learning in which people overcome the tendency to simply defend their own 'patch' and learn to share and cooperate; and finally a form of systems thinking which takes into account both long- and short-term outcomes of decisions, an awareness of the complex inter-relationships between different levels of organizational activity and the need to address root causes of problems rather than symptoms. Together these skills, according to Senge, help to build a learning organization.

Korten (1980) was an early exponent of the 'organizational learning' approach to NGOs, where he identified the NGO problem of successfully translating ambitious plans into practical activities. Under the earlier 'blueprint' approach to development management, Korten argues, attempts to intervene in favour of the poor tend to fail and end up strengthening local elites who 'capture' new resources and opportunities. But the example of a number of South Asian NGOs, such as BRAC, showed that this outcome is not inevitable. An NGO can learn from its mistakes if it has suitable systems in place which produce improvements in the 'fit' which can be achieved between needs, programme outputs and the competence of the assisting organization:

The key was not pre-planning, but an organisation with a capacity for embracing error, learning with the people, and building new knowledge and institutional capacity through action.

Korten went on to outline a 'learning approach' for NGOs, in which he saw three stages through which an effective NGO should aim to proceed. The first of these was 'learning to be effective', in which an NGO considers how a task should be best performed. The second was 'learning to be efficient', which referred to asking questions about how a task can be performed so that it produces desired outcomes at an acceptable cost. The third was 'learning to expand', during which the NGO reflected and found ways to increase the impact of its work through replication or by increasing the scale of its activities.

The concept of organizational learning made a considerable impact on many studies of NGOs and management. For example, the concept is central to Brown and Covey's (1987) study of four US NGOs, which identified four kinds of core organizational activities: attracting resources, empowering beneficiaries, undertaking public education and doing advocacy work. The authors analyse four areas of NGO management task through which the NGOs undertake this work. The first is the NGO's mission and its implications for management, particularly as the mission changes from relief to development. The second is the linkages established by the NGOs with diverse constituencies and the complex environments in which they operate, i.e. funders, beneficiaries and other stakeholders. The third is the nature of the organizing mechanisms used to regulate behaviour – such as leadership, formal structures, informal cultural mechanisms, and values. The fourth area is the key organizational dynamics such as strategic planning and decision making. The authors argue that to be effective, NGOs must play *bridging roles* across the gaps between different constituencies, and that NGOs are good at this in terms of national and international social integration in times of rapid change or upheaval. The bridging metaphor is an alternative to hierarchical and bureaucratic models, with multiple bridges between headquarters, country office, SNGO and beneficiaries, for example. They also seek to *change* the social and economic environment in which they operate, rather than simply supporting the *status quo*. The NGOs which have been successful have acted as catalysts of social energy and entrepreneurship, thus increasing 'social capital for development' (1987: 56). However, the problems which exist are

- (a) conflicts between units and sub-units;
- (b) decision making of various kinds (participation, top-down leadership, incremental trial and error); and
- (c) the struggle of the leadership to embody the NGO's culture and core values to maintain legitimacy.

According to the authors, organizational learning is the key to survival for these NGOs, due to their complex tasks and the turbulent, changing contexts in which they operate.

Ironically, there are those NGO writers who point out the reality that NGOs – in practice – often find it rather difficult to become ‘learning organizations’, and this inability to learn has been identified as a key management problem. This is one of the most important lessons which development NGOs still need to learn if they are to improve their effectiveness and indeed survive:

An almost universal weakness of NGOs is found within their often limited capacity to learn, adapt and continuously improve the quality of what they do. This is a serious concern ... if NGOs do not learn from their experience, they are destined for insignificance and will atrophy as agents of social change. NGOs urgently need to put in place systems which ensure that they know and learn from what they are achieving – as opposed to what they are doing – and then apply what they learn.

(Fowler 1997: 64)

Smillie (1995) also writes of the common problem that NGOs have of the ‘failure to learn from failure’, and suggests that ‘there are few reasons to disseminate the positive lessons of development, and many more powerful reasons to conceal and forget the negative ones’. Britton (1998) sets out a series of internal and external barriers which make learning difficult for NGOs, such as funding competition, the pressure to show low rates of administrative overheads, poor incentive systems, and an activist culture which tends to value the present over planning for the future. Britton is concerned to apply the concept of organizational learning to strengthening the capacity of NGOs. One of the key problems NGOs face is the development of information systems which allow all staff to access the valuable knowledge which often remains locked up within particular individuals’ heads. For example, during a recent evaluation by the author of an NGO working in Uganda, it became clear that as senior expatriate staff came and went from the organization every two years or so, similar mistakes were repeated because local middle-level managers did not have an opportunity to share what they knew with the incoming senior managers.

This organizational learning approach advocates an ‘enabling’ model of leadership, in which managers seek to create an environment for sharing and thinking systemically, rather than the charismatic ‘hero’ style.

## **NGOs and organizational culture**

One of the organizational characteristics which strongly influences levels of organizational learning is that of ‘organizational culture’. Handy (1988) points out that the concept of ‘organizational culture’ only emerged

relatively recently in management studies, due to the earlier predominance of the 'engineering model' of management, which tended to conceptualize organizations as essentially rational and similar, and offers a simple common sense definition of 'organizational culture':

If organisations are communities, mini-societies, rather than machines, then it is natural to expect that each community will have its own taste and flavour, its own way of doing things, its own habits and jargon, its own *culture*.

(Handy 1988: 85)

Handy's particular contribution has been to distinguish four organizational cultural styles which help categorize the ways in which people within organizations believe they should work. Within 'power culture' there tends to be a dominant central leader and an emphasis of individuals over roles and procedures, as might be found in a small company or a trade union. 'Role culture' is present where an organization is essentially bureaucratic and specialized according to specific roles rather than individual people, and such organizations are secure and predictable, such as a tax office. The third type is 'task culture', in which judgements are made by results based on the power of experts and the organization often displays a flexible team culture – such as a consultancy team – though it may often be quite hard to manage in practice. Finally there is 'person culture', in which an organization exists mainly for the good of people within it and has no particular goal beyond this one and seeks management by mutual consent. Handy suggests that there are many third sector organizations which display this type of organizational culture.

An understanding of these four styles of organization culture has been influential in both business and development management fields, and can be used to help analyse what goes on within NGOs. For example, in the case of some small-scale informal organizations, or those at an early stage of development, person culture may dominate and lead to a situation where the staff feel that although they are getting something out of the NGO there are questions to be asked about its overall effectiveness. In the case of a more bureaucratic, formalized NGO, the dominance of role culture may inhibit learning and creativity within the organization. For NGOs which retain a strong charismatic leader or a founder-leader, the price of a dominant power culture may be an inhibition of the abilities of other staff to play an effective role in the organization. The challenge may often be the building of a 'task culture' which allows NGO staff to work flexibly in the context of their specific competencies, within work teams in a more satisfying and stimulating environment which in the end will produce better results (Maxwell 1997).

Such analyses draw heavily upon the symbolic-interpretative perspective outlined above by Hatch (1997). But the postmodern perspective has also

been influential in the analysis of organizational culture. For example, Alvesson (1993) outlines the debate as to whether or not organizational culture – a shared, unifying system of values, meanings, understandings – is the binding force in organizations, or whether, as a postmodern view asserts, it is instead the concept of ‘ambiguity’ which plays the central organizing role through the need to manage contradiction and confusion within organizations. An interesting example of the use to which the postmodern perspective can be put in the third sector context can be found in the work of DiBella (1992), who shows how planned organizational change did not take place within an international NGO due to the existence of a range of ‘sub-cultures’ with the organization based on fragmentation and difference, which produced a kind of ‘organized anarchy’.

Multiple cultures may therefore exist within an organization (and this may be particularly apparent in the case of third sector organizations), say, between those who are concerned with mission and values and those with bureaucratic tasks such as basic administration. Alvesson (1993: 118) argues that neither a sole emphasis on a unitary culture nor one simply on the organizing power of ambiguity is adequate. Instead he suggests a ‘multiple cultural configuration view’, which sees organizational cultures as mixtures of cultural manifestations at different levels and of different kinds. In this view, different cultures and sub-cultures overlap in an organizational setting with profession, gender, class or ethnic group. Box 7 examines these issues in relation to the concept of gender.

#### Box 7 *Gender and organizational culture*

The social science definition of ‘gender’ distinguishes the *social* from the *biological* construction of differences between men and women, focusing on the rules, traditions and norms which help determine the values and attributes which are considered ‘feminine’ and ‘masculine’, and the ways in which power is allocated and used differently by women and men. Fowler (1997) reviews the ways in which roles and power are divided along gendered lines within NGOs, and the degree to which ‘female’ and ‘male’ principles are reflected and valued in an NGO’s organizational culture. Many NGOs have paid little attention to gender inequalities within their own organizations, and have preferred to see the importance of gender in their sectoral work. NGOs have an ‘immediate sainthood’, but often the culture of masculine exclusiveness and sexual harassment are as common in NGOs as elsewhere (Ashworth 1996). Some NGOs have ‘gender units’ but these are often marginalized or used as ‘alibis’. Recognizing this, some NGOs such as ACORD are working hard to develop a gender policy, but with mixed results so far (Hadjipateras 1997). In the North, there is often discussion of ‘equal opportunities’ (Osborne and Horner 1996).

Liberal and radical perspectives can be contrasted here. The Western management literature is increasingly focusing on women and business leadership and the challenge of increasing women's 'presence' (e.g. T. Morgan 1994). Wallace (1998) documents efforts to 'institutionalize' gender within some Northern NGOs' structures as well as within their programmes, finding that male trustees and directors still dominate the organizational culture, even if there has been some success with programmes and staffing. Preconditions of success of building a gender policy include: leadership should not be actively opposed; resources must be allocated, activities must not be seen as an add-on; responsibility for change management must be allocated and indicators of progress agreed (Fowler 1997). In the South, research on gender issues within BRAC is beginning to appear. Rao and Kelleher (1995) analyse BRAC's Gender Quality Action-Learning (GQAL) programme, which seeks to sensitize its field staff to gender issues. The research highlights tensions between the twin tasks of 'lending money' and 'empowering women' which BRAC undertakes. Goetz (1997) examines the issues of 'gendered time and space' within BRAC and its implications for men and women staff. Some writers have suggested that NGOs may have 'a feminine development approach and masculine organizational culture' (e.g. Fowler 1997: 79) in which cultures of action and control take precedence over cultures which value communication and participation.

One of the few studies in the third sector literature focusing on this issue is Brown and Covey's (1983) analysis of an NGO as a 'microcosm' of its environment, containing diverse cultural perspectives, such that it may reproduce internally ideological conflicts characteristic of the wider society. The authors highlight the 'ideological negotiation' which took place within a US-based third sector organization working in development education, project management and government lobbying. For example, tensions between staff from different ethnic groups (with white males dominating senior management) and between clerical workers and managers (the former with low salaries and little input into decision making) were found to be basically ideological and rooted in the racism located in wider society. Brown and Covey concluded that organizations

cannot be efficiently co-ordinated without recognizing and managing ideological diversity rooted in the cultural origins of organization members.

(Brown and Covey 1983: 246)

The authors argue therefore that the challenge is to build ideologies which appeal across cultural boundaries and encourage constructive ideological



negotiations. From organizational culture we turn now to the wider subject of management challenges across cultures, which for many NGOs represents a key area.

### **Cross-cultural management, diversity and globalization**

The study of management in recent years has been characterized by the recognition that economic, social and technological change at the global level has dramatic implications for the management of all types of organization. As Barbara Parker, a leading writer on globalization and management, remarks in the introduction to her recent text:

The world increasingly resembles a global market place where integration across 'traditional' borders is evident in almost every dimension of life. ... Increasingly a world with fewer boundaries calls for organisations able to transcend vertical and horizontal boundaries and create hybrids that are both cost effective and responsible to local, regional, domestic, international and global communities of interest.

(Parker 1998: x)

One important area of reduced boundaries is in the tendency for crossing traditional borders of space, time and cultural assumptions such that new relationships are generated both within and between organizations. Third sector organizations are now facing more and more internal diversity in human resource terms, and are developing new and more intense cross-cultural relationships and linkages across shifting global landscapes. These differences should not simply be conceived in terms of a polarity between Western and non-Western contexts, however: a study by Olie (1996) shows a surprisingly high level of cultural variation in relation to management practices *within* Europe. Furthermore, there is a high level of diversity within cosmopolitan cities such as London, which we would expect to be increasingly reflected within organizations working in the city.

These processes are not new for international NGOs, because there is a long tradition of Northern agencies going to work in the countries of the South, where they face dramatic differences in culture and context. The development industry has long been characterized by cross-cultural encounters between Western developers and (usually) non-Western 'developees'. There has periodically been concern voiced around this topic, as the work of Jaeger and Kanungo (1990) illustrates, because such encounters have often been characterized by imposition of ideas and practices, lack of sensitivity to difference and by misunderstanding. Although not writing from a specifically anthropological perspective, they make the case for thinking more deeply about the need for 'indigenous' management in

developing countries, a line of thinking that is particularly appropriate for NGOs.

Uncritical transfer of management theories and techniques based on Western ideologies and value systems has in many ways contributed to organisational inefficiency and ineffectiveness in the developing country context.

(Jaeger and Kanungo 1990: 1)

The basic premise is that the external environment in many developing countries is different to that of the developed countries, where certain development ideas and techniques are developed, and that the process of 'transfer' of ideas, techniques and practices is therefore misguided.

The study of relationships between culture and organizations in the management literature is dominated by the work of Geert Hofstede, a Dutch social psychologist, who in the 1970s undertook a massive study of the US-based multinational IBM, which was then operating in more than forty countries. The study explored the work-related values held by employees working for the corporation, and found wide-ranging national cultural differences in its offices around the world within the overall organizational culture of IBM (Hofstede 1991). These variations led Hofstede to build a theoretical framework in order to analyse the contours and dynamics of these different 'national cultures', suggesting key differences along four sets of general variations: power-distance (the distance staff feel from their superiors), uncertainty-avoidance (the ways in which staff deal with novelty and risk), individualism (the level of integration of individuals into collectivist groups), and masculinity (the valuing of performance and ambition compared and contrasted with the valuing of quality of life and role flexibility).

Different cultures were then mapped across these four dimensions, and Hofstede argued that we should not assume that management prescriptions operate in the same way in different national contexts. One useful example discussed by Hofstede is the history of 'management by objectives' (MBO) which was developed in the United States in the 1960s as a planning tool.<sup>6</sup> This example shows the potential pitfalls for NGOs of applying a management tool developed in one cultural context to an organization within a different cultural setting. Hofstede shows that this particular Western-designed piece of management technology requires low 'power-distance' and 'uncertainty-avoidance', since it requires that subordinates negotiate forcefully with their superiors, and that risks must be accepted by all levels of staff if it is to operate effectively.<sup>7</sup> The evidence he presented suggests that MBO was introduced far more successfully in Britain than in France, where power-distance and uncertainty-avoidance were found to be higher. Jaeger and Kanungo (1990) make the point that if MBO is used in the 'wrong' context, then it may actually be *dysfunctional* because it can create distrust

between senior and junior staff. It is not difficult to see why Hofstede's work has received wide circulation within organizational studies:

The importance of Hofstede's work is not only that it identified specific cultural differences between nations, but Hofstede also showed that organisational culture is an entry point for societal influence on organisations.

(Hatch 1997: 210)

This is nevertheless difficult ground, and there have also been unhelpful over-generalized characterizations of the cultural encounter between 'developers' and 'developees'. For example, Jaeger and Kanungo (1990) are highly critical of the notions of 'traditionalism' propounded by authors such as McClelland (1961), which insisted that cultures which emphasized familism and fatalism were antithetical to development because they could not espouse 'modern' values, a line of thinking which informed much of the 'modernization' theory of the 1960s and 1970s. Some of this thinking, however, has been challenged by the economic success of countries such as Singapore and Japan, which led to a range of debates about the ways in which linking formal management styles with local values had the potential to bring success on non-EuroAmerican terms.<sup>8</sup>

A key challenge for mainstream management has been to find ways of relating ideas about wider cultures with the concept of organizational culture. Hofstede argues that 'organizational cultures', the set of values and norms which are constructed within organizations, may be more malleable than national cultures and can be drawn upon within organizations to build bridges between different national cultures through the acquisition and deployment of intercultural communication skills.<sup>9</sup> Tayeb (1988) undertook a study which compared India and Britain in order to explore the relationship between national cultural contexts and organizational culture. In an analysis of the main approaches to the cross-national study of organizations, he shows that a set of different factors helps to determine the structures and activities of organizations, within which culture is just one. First, a 'contingency perspective' is important, since it focuses on securing a fit between structure and context which is fundamentally necessary for any organization's survival. Second, a 'political economy' focus is needed in order to examine the social and economic structures which also help determine aspects of the organization. Finally, the 'cultural perspective' highlights the ideational process in which attitudes and values of individual members help determine the organization's structure. For NGOs, all three levels are important for cross-cultural management.

The management literature therefore highlights the importance of linking ideas about culture with the ways in which organizations are managed. It also presents an increasingly detailed analysis of management and globalization, which shows how even within the business world the

management assumptions embodied in Western business school training are increasingly under challenge. Parker (1998: 25) cites research which suggests that large numbers of successful though little known companies operate using new models of management, for example combining Western-style accounting systems with non-Western team structures, and with authoritative leaders who nevertheless give local managers a high degree of autonomy and flexibility.

### **Power, culture and ambiguity: anthropological approaches**

So far this chapter has provided a brief review of selected aspects of organization theory in relation to the management of NGOs, and this has proved a fruitful approach to analysing important aspects of the subject – from organizational learning and change through to organizational life cycles and leadership. However, the importance to NGOs of humanitarian values also raises complex cultural issues. A social anthropological approach to understanding organizations may therefore have the potential to make a distinctive contribution to the understanding of NGO management. This is particularly the case when we bear in mind that most NGO work is undertaken in non-Western contexts, and that development interventions frequently take the form of a cultural encounter at the level of both organization and individual. The need to investigate more deeply questions of context, environment and culture in NGOs is also the fourth element – alongside generic management, development management and third sector management – in Campbell's (1987) NGO management overview which we discussed and adapted in Chapter 1.

There is arguably an enormous potential for social anthropology to enrich third sector studies, both in terms of the sharing of ethnographic data which already exist with third sector researchers, and in the theoretical and methodological approaches which anthropology potentially offers future third sector research (Lewis 1999b). Social anthropology has traditionally been associated with the study of 'traditional' or non-Western communities, particularly those which were subordinate, marginalized or geographically remote. There are rich ethnographic descriptions of non-Western third sector organizations contained in anthropological monographs which go back many years. However, the narrow view of anthropologists as purveyors of the exotic is now agreed to be long out of date. Anthropologists as long ago as the 1950s began to focus on organizational studies in industrialized societies and the idea of studying organizations as communities. Anthropological research in more recent years has been concerned not just with communities 'at home' but with community relationships with wider policy issues of education, health and bureaucracy or with international development institutions (Wright 1994). More recently, the need for anthropologists to 'study up' and

focus on the powerful and the mainstream has been a widespread preoccupation (Gardner and Lewis 1996).

Anthropologists bring a distinctive research methodology to third sector research – an approach which seeks to understand small-scale communities primarily through long-term ‘fieldwork’ to facilitate face-to-face data collection, often using a qualitative ‘participant observation’ research methodology. This small-scale, interpretative approach to research has tended to distinguish anthropological work from that of sociologists. Of particular interest to research into NGO management is the practice of ‘organizational ethnography’, in which organizations and their relationships are treated as units for research using participant observation. Organizational anthropology of this kind, while popular in the 1950s and 1960s, has become less common in recent years, and the dialogue between anthropologists and organizational theorists about the workings of organizations has waned (Bate 1997). As Bate argues, ethnographic research is at the core of anthropology and provides a methodology, a way of thinking and way of writing which can enrich much of the current writing about organizations, which is frequently weakened by a tendency to essentialize the concept of culture in organizations in the search for quick-fix management solutions.

For researchers on NGO management, anthropology offers more than the participant-observation research methodology, which is now widely used by other types of social scientist. Gledhill (1994) shows that the distinctive contribution of anthropology to social science is primarily a theoretical one which

attempts to examine social realities in a cross-cultural frame of reference. In striving to transcend a view of the world based solely on the premises of European culture and history, anthropologists are also encouraged to look beneath the world of appearances and taken-for-granted assumptions in social life in general. This should help us to pursue critical analyses of ideologies and power relations in all societies, including those of the West.

(7–8)

The study of Western third sector organizations, whether US non-profit organizations, UK voluntary agencies or international development NGOs, brings with it a set of assumptions and biases rooted in the history, values and cultures of the West. These are only now beginning to be questioned as non-profit studies begins to widen and internationalize its focus. The discussion about the types of third sector organizations which ‘belong’ and those which do not has become a lively debate in the efforts of the Johns Hopkins comparative non-profit research project in recent years, as the project has moved beyond the context of North America and Europe (Salamon and Anheier 1997).

Cross-cultural studies of organizations are currently on the rise amongst organizational anthropologists (Hamada 1992). One obvious area in which anthropological research can contribute to NGO management is in the study of cross-cultural encounters created through the work of international NGOs, as Wright (1994) suggests. For example, what are the management challenges and organizational implications of deploying expatriate NGO staff from the North to work in Southern country contexts?<sup>10</sup> What is the consequence of conflicts between different cultures and values? Where NGOs from the North are seeking to work with Southern NGO partners, should the Northern organizations be driven primarily by their own values or by the non-Western values of the partner organization?

Another key area in which 'anthropological' ideas can be applied to internal management questions is through the importance of the concept of 'ambiguity' in management, which may have particular relevance to NGOs. Within organizational theory, the management of ambiguity has also been seen as a key to understanding the challenges faced by organizations in the postmodern world, in contrast to earlier 'rational scientific' theories of management (Peters and Waterman 1982; Morgan 1997). Martin and Meyerson (1988) show how ambiguity can bring both paralysis and innovation within organizational culture. More recently, the emphasis on the management of shared meanings in current organization theory highlights the need for managers to clarify and project the desired future organizational identity and image, in order to guide organizational change (Gioia and Thomas 1996). Indeed, the concept of ambiguity has long been identified by anthropologists as a source of both creativity and danger. It has been viewed as central to explanations of how cultures, ideas and activities are constructed, negotiated and reworked through processes in which both tension and creativity may be present (Wright 1994; Curtis 1994).

Some third sector researchers, influenced by both the anthropological and the organization theory traditions, have been drawn to the concept of ambiguity. For example, drawing upon the work of the anthropologist Edmund Leach, Billis (1993a) has argued that organizations may exhibit a set of organizational problems created by the existence of an ambiguous zone between the bureaucratic and associational 'worlds', which tend to operate through very different sets of rules (discussed in more detail in Chapter 7). For example, the 'bureaucratic world' operates according to the rules of Weberian hierarchy and role specialization, while by contrast the 'associational world' is characterized more by face-to-face egalitarian relationships and multi-faceted, informal roles. Many third sector organizations as they grow become caught in the ambiguous zone between the two, bringing confused roles and identities. Following from this approach, the idea of ambiguity has also been applied to the analysis of the sectoral boundaries between state, business and third sectors (Billis 1993b). Carroll (1992: 138) shows that 'socially-oriented businesses' are under constant tension between their profit-making and their equity-promoting selves. A recent study of

'community trade' work undertaken by the Body Shop, a UK-based 'social' business in collaboration with South Asian NGOs, alternative trading organizations and producer groups, illustrates the relevance of the concept of ambiguity in understanding the complex management challenges involved for both NGOs and business when attempts are made to link poverty reduction objectives to the action of commercial market forces – on the boundary between the for-profit and non-profit sectors, as we will see in Chapter 6.

Anthropology also offers a critique of the 'one best way' tendency in some management thinking – whether in the form of top-down or enabling forms – which may be another way of extending Western cultural hegemony through the co-optation of local value systems (Marsden 1994). What anthropology may be able to do is open us up to the possibilities of the roles which might be played by indigenous management styles and local understandings of 'organization' and 'development' as appropriate foundations for development efforts (Marsden 1994: 35). For example, in one well documented case the Philippines Irrigation Authority (PIA) managed to restructure an inefficient top-down bureaucracy by decentralizing water provision to locally developed irrigation management structures, which drew upon the capacity of organized groups of local farmers to manage their own community irrigation systems (Korten and Siy 1989).

## Conclusion

This chapter has explored some of the ways in which organization theory – most of which originates from the business sector – can be applied to the analysis of NGO management. The chapter has focused on selected issues in organization theory which have engaged the attention of writers on NGOs, such as the organizational life cycle, theories of organizational learning and change, ideas about organizational culture and the importance of cross-cultural management issues, particularly under conditions of globalization. While organization theory is useful, it is the point at which organizational theory and organizational anthropology meet which can provide insights into some of the distinctive aspects of NGO management. There is as yet very little research that has been undertaken on many of these themes in relation to development NGOs, and more empirical research is needed if we are to gain a better understanding of the ways in which NGOs are seeking to reposition themselves within a rapidly changing world.

# Part II





# 5 Advocacy and service delivery

## Managing the main NGO activities

### Introduction

This chapter is concerned with the main activities undertaken by development NGOs, and focuses on the ways in which NGOs have attempted to manage these activities. As the preceding chapters illustrate, there is an immense diversity of such activity. In a useful recently published paper Najam (1999) makes the case for seeing NGOs (or 'citizen organizations' as he prefers to call them) as 'policy entrepreneurs' and sets out three stages of the 'policy process', which is the process of conceiving, designing and implementing public action. This process can be broken down into agenda setting (the agreement of priorities and issues), policy development (making choices among possible alternatives and options) and policy implementation (undertaking actions to translate policies into practice). Within the policy process Najam suggests that there are four distinct types of NGO role which may be undertaken: service delivery, advocacy, innovation and monitoring, and sees NGOs as 'policy entrepreneurs'. There are in this model four NGO roles within the 'policy stream': *service providers* (acting directly to do what needs to be done); *advocates* (prodding government to do the right thing); *innovators* (suggesting and showing how things could be done differently); and finally *monitors* (trying to ensure that government and business do what they are supposed to be doing). This chapter focuses primarily on the first two roles, which are the most prominent NGO roles to feature in the literature, but concludes with a discussion and some examples of the other two.

We turn first to the implementation of service delivery, in which NGOs provide goods or services to people. For example, in many developing countries NGOs are operating primary healthcare services, non-formal education programmes and micro-credit extension. In this service delivery role several crucial management issues are raised for NGOs: to whom should such services be provided, and at what cost? How should the NGO manage relations with other service providers, such as the state? And how participatory should the relationships be with the users of these services, and how accountable? The second main discussion is concerned with the catalytic role

of advocacy and campaigning, in which NGOs seek to exert pressure on individuals and institutions in pursuit of wider change. For example, efforts by NGOs to change the government's education policy, or international action to urge debt relief for impoverished nations, are common strategies of this kind. These activities require another set of management skills and approaches as NGOs need to select issues, maintain accountability to stakeholders, manage information and complex relationships with other agencies, and seek 'leverage' with which they can achieve influence. NGOs may conduct advocacy locally, or they may be part of large, transnational networks in which gaps of space and culture must be carefully negotiated.

These two roles are not mutually exclusive but may be often combined within one NGO, which makes the question of 'balancing' different tasks a crucial one for NGO managers – and Fowler (1997) calls his overview of NGO management issues 'striking a balance'. The strategy of providing services to a section of the community which is otherwise excluded from government service provision, for example, while simultaneously exerting pressure at the policy level for improvements in provision in the longer term, is one such balanced strategy. Another type of strategy is the entering into of a formal contract between an NGO and the government to provide a specific service for an agreed length of time which may help to build trust between the NGO and the government, and create opportunities for influence. On the other hand, there are some NGOs which find that the balance is not sustainable, and that entering into a contract with government simply robs them of their spirit and their independence.

Common to both activities is a set of related questions. The first of these is the problem of judging 'success', which raises the complex question of evaluation. The second is the issue of impact, where NGOs need to make complex trade-offs between seeking small-scale effectiveness and larger-scale influence, and which has led to discussions about the possibilities of 'scaling up'. The third is the issue of innovation, which is one of the assumed characteristics of NGO work but which requires careful appraisal. For innovative NGOs, a further question is raised: how innovative should NGOs be, and how can they balance innovative responses to important problems with the dangers of 'innovation for innovation's sake', especially when pressure from funders may lead NGOs to demonstrate that they are always doing something new?

### **Service delivery: means or end?**

Carroll (1992) points out that service delivery is perhaps the most directly observable and clearly visible role which NGOs play in development work. In this role, goods and services that are wanted, needed or otherwise unavailable are provided by NGOs to a particular section of the community. Sometimes the NGO itself takes a decision to provide services to its clients in order to meet hitherto unmet needs, while in other cases an NGO may be

'contracted' by the government to take over the provision of services which were formerly provided by the state. There are also cases where NGOs do not provide services to clients at the grassroots but instead provide training services to other organizations or to government, or offer research or conflict resolution services to other agencies.

NGOs are involved in service delivery activities primarily in the agriculture, health and education sectors, but are becoming increasingly active in less documented areas such as housing, legal services, research and conflict resolution. There are three main roles which NGOs can play. These can be illustrated with reference to agricultural development as follows. The first role is as an implementing agency which actually delivers the services to people. An example of this is NGOs working with farmers in remote, difficult-to-reach areas who may be farming fragile, complex or risk-prone lands for which government outreach is poor (Bebbington 1991). In undertaking this kind of work, NGOs often draw on the use of local field staff whose knowledge can bring a better 'fit' with local people than can be the case with professionals or outside 'experts'. The second role is that of strengthening the already existing public delivery systems through providing research into unmet needs and innovative responses to delivery problems, and through training services, particularly of government staff, whose skills and outlook can be upgraded through ideas and information learned by an NGO which has successfully built bridges with local grassroots communities. The work of the Mindanao Baptist Rural Life Centre (MBRLC) in the Philippines, which worked jointly with farmers to develop a technology for farming degraded sloping agricultural land which improved poor local farmers' yields, illustrates this role very well: after innovating the new approach, which was simple and low-cost, the NGO began training government agricultural extension workers in the new approach in an effort to get it promoted and adopted more widely (Watson and Laquihon 1993).

The third approach is that an NGO can work with its clients in the community to assist them in generating pressure or 'demand pull' so that people can claim better services from government and hold government agencies more accountable. Cases from Bangladesh collected by Kramsjø and Wood (1992) illustrate this approach in action, such as when the NGO Proshika helped to organize local women to take action against a local magistrate to demand justice in a case of violence against a group member. NGOs can also achieve this third objective by acting as 'bridges' (Brown 1991) between clients or beneficiaries and specialized service providers such as legal advisers. A good example of this role is that of PROTERRA in Peru, which provided services to recently resettled marginal farmers who not only needed help with finance to begin farming the new lands, but they also needed to ensure that their land titles were quickly formalized so that they would not be illegally removed from the land.

Some policy makers assume that NGOs have specific organizational advantages – such as flexibility, commitment and cost-effectiveness – which can make them particularly well suited to the service delivery role, but it is difficult to find systematic studies which can provide evidence to support this claim in any general sense. One exception is Carroll (1992), who found in a survey of thirty Latin American NGOs engaged in rural development activities that all appeared to show an outstanding capacity to implement projects compared with other kinds of agency. Activities were typically completed on time and with reasonable efficiency so that seeds, tools or fertilizer were distributed before planting, requests for credit were processed in a timely manner, and demonstrations for farmers of new techniques were effectively organized. None of these achievements, Carroll argues, are typically characteristic of public or private national-level service providers in most Latin American countries. The skills possessed by NGOs which allowed them to manage this were derived from effective internal management systems such as relatively ‘flat’ (as opposed to hierarchical) organizational structures with smaller gaps between the office and the field than is typical in other types of agency; participatory modes of decision making which reflect the ideas of both managers and field staff; a strategy of ‘organizational learning’ which incorporates feedback from the field and distils the lessons learned from success and failure in order to improve future performance; and finally, the importance of finding a distinct niche for the NGO’s work which allows it to develop a specialized role where an organization can build a competitive advantage.

There is some evidence in the literature about the cost advantages of NGO service delivery as well as better ‘targeting’. A short case study of Bharatiya Agro-Industries Foundation (BAIF) illustrates that NGOs can be more cost-effective than government in performing certain service delivery tasks. It is not often possible to make straight economic comparisons between NGOs and government, but BAIF’s efforts to produce cross-bred dairy cattle in six states of India were in this case compared with a similar government programme in Tamil Nadu, and the overall costs of developing inputs came out as 66 per cent those of government, due probably to lower labour productivity in the government sector (Satish and Prem Kumar 1993). Another key strength that Carroll (1992) identifies is the ability to influence and gain leverage over other actors in the development environment such as banks, government agencies and private suppliers. These arguments lend weight to the ‘comparative advantage’ view of NGOs in which they are seen as having strengths in relation to other development actors, but as Biggs and Neame (1995) warn, it is probably unwise to interpret such claims too literally because of the diversity of NGOs, and the need to think creatively about relationships between different types of organizations and synergistic combinations of these different actors (Tendler 1997). For every case of the effective NGO it is usually possible to point to

another NGO which has high administrative overheads, poor management and low levels of effectiveness!

Box 8 *The growth of non-state actors in health service delivery in Africa*

NGO service provision can take two main forms – *direct service provisioning* and *self-help from below*. During the 1980s and 1990s the adoption of structural adjustment policies by many African governments led to drastic cuts in the provision of social services, with the result that third sector organizations have attempted to fill the resource gap. Church-based NGOs have been particularly prominent in providing health services. In Zimbabwe, church missions provide 68 per cent of all hospital beds in rural areas, while in Zambia the third sector – which is mostly church-based – provides 40 per cent of health services in rural areas. Self-help initiatives have emerged as citizens have addressed the resource shortfall themselves. For example, in Kenya the *harambee* self-help movement (which was originally established by President Kenyatta) has helped to create a network of health infrastructure in rural areas, though grassroots involvement in construction and maintenance has declined in recent years. In Uganda self-help initiatives in the health sector have emerged from below in recent years, while many rural schools are being managed and funded by parent–teacher associations despite being still nominally under the control of the state.

(Source: Robinson and White 1997)

Despite the positive stories about service delivery, there is also a trend in the NGO literature which sees NGO service delivery as a source of concern, both in terms of the sustainability issues and the undermining of the state and the problems of citizen accountability this generates. There is also something deeper – the argument that as NGOs turn into service providers they may lose part of their essential, voluntaristic, value-driven identity (by moving towards the market) and they may become simply the instruments of governments or donors. The dilemma for NGOs is therefore the question of whether service delivery is a means (to provide people with services to meet immediate needs, but with an eye on influencing and improving wider delivery systems so that the NGO's role is essentially a temporary, transitional one) or an end in itself, in which NGOs as private providers become one set of actors among many who are contracted to deliver services. In Britain, the gradual shift in the 1980s and 1990s towards using private social service delivery with a reduced government role has been termed 'the mixed economy of welfare' which has had somewhat uneven results in terms

of the quality of provision, despite making more government resources available to the third sector. A similar dilemma is at the root of the uncertainties in parts of the NGO literature. The question over recent years has been between what Korten (1987: 6) calls 'the output vendor versus the development catalyst'. Korten (1990: 102) identified the 'public service contractor' NGOs as problematic because they are 'driven by market considerations more than values, and are therefore more like businesses than voluntary organisations'. There are many examples of NGO service provision being characterized by problems of quality control, limited sustainability, poor coordination and general amateurism (Robinson and White 1997). Carroll (1992: 42) argues that although NGOs can be efficient service providers, for many organizations it is an opportunity to do more, such as promoting participatory values or supporting democratic principles, though this can be very challenging:

The problem is that GSOs and MSOs often face so many difficulties and complications in providing services that they tend to neglect their broader goals. Thus services that were intended as a means frequently become an end.

NGO service delivery is often carried out as part of a particular project, which by definition will have a finite end, after which services will need to be made sustainable otherwise they will no longer be available. The ways in which they might be made sustainable will vary, but range from the imposition of user fees, the development of community ownership and operation on a voluntary basis, or the substitution of the NGO role by the government. As a result, Carroll (1992: 66) argues that the effectiveness of NGO service delivery should be judged on its developmental impact:

while service delivery has a strong *intrinsic* value, it should really be evaluated on the basis of its *instrumental* value as a catalyst for other developmental changes.

This point brings us back to the discussion in Chapter 1 about the instrumental and the expressive aspects of management, and the particular importance of this distinction for third sector organizations. While it may be very important and useful that an NGO delivers services to a particular section of the community, it is also crucially important to examine *how* these services are delivered. Two terms which are frequently used in connection with NGOs are those of 'empowerment' and 'participation', and both have relevance to a discussion of service provision and NGO implementation issues. According to Carroll (1992), if NGOs implement service delivery in a certain way it can be empowering and act as a catalyst for other developmental changes, and this will avoid the less desirable outcome of simple 'substitution' of services previously provided by other agencies. The concept

of empowerment is linked to that of participation, which speaks of involvement rather than passivity, and a role for people in decision making instead of being 'acted upon' in the name of progress or development.

The term 'empowerment' is now widely used by NGOs and other agencies working in development, but its meaning is imprecise. Empowerment has its origins in Western counselling and social work theory, but also has its roots in Freire's radical educational theory of 'conscientization' and Gandhian ideas in India. In the social work/counselling context, empowerment arose as a tool for understanding what is needed to change the situation of poor and marginalized people – a process which involves personal development, moving from insight and understanding to action, individually and then collectively (Rowlands 1995) and has roots in work with oppressed communities in the US (Solomon 1976), with Gandhian values in India (Thomas 1992), and with the radical Brazilian educator Paulo Freire, whose theory of 'conscientization' has influenced many NGOs. What is common to these ideas – which do not in practice really form a coherent ideology or set of practices – is an emphasis on process, with a movement through a series of developmental stages: becoming aware of the power dynamics in one's life, developing skills and capacity for greater control, exercising control without threatening other people's rights, and then going on to support the empowerment of others in the community.<sup>1</sup> In the management sense, the term is also used widely in business where managers want to empower their workers and unleash their creativity for greater profit; bureaucracies want to empower their front-line staff who deal with clients and provide them with more responsibilities (Wright 1994). Many NGOs now speak of an empowering or participatory management style: operating staff are seen as the starting point for action, as a source of skills and capacities, and are encouraged to take initiative in solving problems (Holcombe 1995 describes the Grameen Bank model).

In order to understand empowerment, we need to analyse *power*, as Rowlands (1995) argues in her suggestion that we distinguish 'power over' (control or influence by some people over others, such as men over women, dominant caste over low caste) and 'power to' (a generative view of power in which people stimulate activity in others and raise morale), and argues that genuine empowerment implies gaining 'power to' in order to resist and challenge 'power over'. This process has three dimensions: personal, with the growth of greater self-confidence; relational in the ability to renegotiate close ties and gain greater decision-making power; and collective, in building links to work together and cooperate with others locally or nationally. In Friedmann's (1992) book, the concept of empowerment became central to alternative development theory and practice, and he identifies three different kinds of power: social (access to information, knowledge and skills, participation in social organizations, financial resources); political (access by individual household members to decision-making processes singly or in groups, e.g. voting, collective action, etc.);



and psychological (individual sense of power and self-confident behaviour, often from successful action in the above domains); each of which is necessary for building an alternative approach to development which focuses on more than simply material well-being.

The work of the Association of Sarva Seva Farms (ASSEFA), a Gandhian NGO in India as presented in Thomas (1992), illustrates both the potential and the problems with the empowerment approach. Formed in 1969, ASSEFA develops land given to landless low-caste households through the Gandhian Bhoodan 'land gift' movement and helps to build self-reliant communities through provision of credit and supply of agricultural, industrial and health services alongside organization building and awareness raising. The work is careful and slow. First, ASSEFA's field workers spend up to three years in a village listening to local concerns, and an initiative must come from the villagers themselves because they will bear the risks. A pilot project is then set in motion for two years to test the extent of cooperation and build trust, and then a larger project proposal is drawn up. Training in self-management and other skills is provided, if necessary, by the NGO so that the project is a result of collective endeavour, not external resources, and group members are required to donate their labour and organization. Then a phase of complementary activities is undertaken – agro-industries or spin-offs in local communities – for three to four years, and ASSEFA gradually withdraws its advice and support. When self-sufficiency is achieved (such as through sales of produce) the NGO's investment is gradually paid back and can be re-used for new projects. In addition to the economic improvement, there are political changes too, with one family member pointing out:

We have gained recognition in the village. Other castes, who were our masters earlier, now not only listen but pay attention to what we say.  
(quoted in Thomas 1992: 121)

However, there is a range of problems which have been identified with the empowerment approach. NGO achievements in this area tend to be small scale. Thomas (1992) quotes data to suggest that at the present rate of activity it will take several hundred years to develop the 1.3 million acres of *bhoodan* land already distributed. There is a tendency for NGOs to hold onto groups for too long – there is seldom sustainable, autonomous group action (Carroll 1992: 113) and the contribution of labour is taken to be participation rather than collective commitment. There are issues of responsibility for NGO 'animators' if violent conflict ensues. Hashemi's (1995) account from Bangladesh, where an NGO was fielding landless candidates for local elections, describes arrests and injuries and quotes a local government officer as saying:

all of us want to help the poor and provide charity for them. But when the poor get uppity and want to sit on the head of the rich, when they want to dominate that cannot be allowed.

(Hashemi 1995: 106)

As Thomas points out, there are limits to the NGO empowerment approach, especially when we consider the more radical ambitions behind some such initiatives.<sup>2</sup> The success of ASSEFA's work depended on factors outside the sphere of local direct action – landowners forgo land rights collectively; some state and local government resources were made available; resources came from international NGOs and Gandhian activists were recruited.

Moser's (1989) discussion of empowerment and gender links empowerment with the concept of 'participation'. The concept of participation can be traced back to Selznick's influential public sector study of the barriers to public participation in the Tennessee Valley Authority, which he found in the form of informal groupings within the organization and in the form of powerful vested interests outside it (Selznick 1966). The act of bringing in people who are outside the decision-making process can lead to a focus not only on the formal institutions of political and economic power, but also on the dynamics of oppression in the personal sphere. The concept of participation is widely used in development and, like 'empowerment', has both a development sense (the involvement of beneficiaries in development programmes) and a management sense (in which staff and partners are involved in decision-making processes). Within NGO service delivery strategies, the level of participation can influence both the quality of the service that is being provided and the likely outcome in terms of empowerment and sustainability.

The origin of the concept of 'participation' was in part a reaction to top-down statism during the 1960s and 1970s, when dissatisfaction among development personnel grew at government's inability to take responsibility for promoting social development (Midgley 1995). This failure was due in part to the creation of large bureaucracies, the selection of wasteful projects and the involvement of corrupt politicians, and the view emerged that 'development' could be better fostered through community participation in which

ordinary people are mobilised to establish projects that serve their local communities and ... are actively involved in these projects.

(Midgley 1995: 60)

Participation was initially a radical concept among activists in the 1950s who found that projects did not involve people in the processes of their design and execution. Rahnama (1992) argues that the realization in the 1960s that growth did not reach the poor led to a reassessment of top-down strategies, and the concept lost its threat – it is now a contradictory concept

which can be perversely used to actually rob people of their ability to act together in their own best interests. It can be used to import into communities ideas which are then attributed to those communities, to secure the token involvement of people in order to display a level of participation to outside agencies, and it can be used for the legitimization of outsiders' decisions.<sup>5</sup>

Can the concept of participation survive as a mainstream concept for NGOs? White (1995) argues that participation initially arose as a form of protest but has now been mainstreamed and has lost its political meaning. There are two levels to the politics of participation. The first is 'who participates?', since communities are not homogenous, and the second is 'at what level?', since implementation is not enough and some power over decision making is also needed. White suggests four forms of participation. The first is *nominal*, such as when government-formed groups are created, but their main purpose is a tokenistic display. The second is *instrumental*, and this can be a way of providing labour under resource shortfalls created by structural adjustment, which then counts as a cost to local people. The third is *representative*, where, for example, a certain group within the community gains some leverage within a programme or project by gaining access to the planning committee and is able to express its own interests. The fourth – and strongest – form is *transformative*, in which people find ways to make decisions and take action, without outsider involvement and on their own terms. Only this final form is truly 'empowering' in a political sense. But top-down interests in participation are different from bottom-up interests, and participation is therefore a 'site of conflict' which might have positive or negative outcomes for the poor. Like empowerment, participation is also a process, and people may stop participating if they do not feel their interests can be met.

The environment in which NGOs work, as well as internal factors arising from the organization's own dynamics, produces pressures which can all too easily produce what is termed 'goal deflection' in the organizational literature, as NGOs lose their original objectives and become involved in other, often less ambitious goals. According to Korten, these pressures may be the result of becoming tired of surviving at the financial margins and struggling for funding, the frustrations for activists of long-term struggles against established interests, the sense of obligation which emerges over time to improve job security for staff, and finally the belief that service contracting can eventually buy time and bring more funding and therefore the opportunities to do more 'important' work later on.

A common set of external pressures comes from donors, who may want NGOs to undertake certain kinds of service delivery work such as credit provision, which allows them to show quick, measurable results rather than the messier, less quantifiable activities like awareness raising about rights or about preventative healthcare. Because NGOs are highly dependent on official funding, they have been subject to the influence of Northern

domestic politics, which is currently engaged in most countries in defining the nature of public and private responsibility in society, reallocating delivery of what were previously publicly funded services to market or non-market providers, and 'contracting out' services which are to be financed from public funds, such that non-profit organizations are the main recipients (more than 50 per cent of US non-profits now receive more than 50 per cent of their funds from public sources). In general, only a small amount of official aid goes to NGOs doing democratization and advocacy work, because results are hard to measure and in any case they may finance mobilization against their own policies. Besides, many NGOs are reluctant to put it at the centre of their programmes for fear of political problems.

Interestingly, there may also be pressures from other parts of the NGO environment, such as the NGO beneficiaries themselves, who may demand certain services from the NGO. For example, one NGO known to the author in Bangladesh reported that while it had originally been its policy to go into communities with a consciousness raising approach rather than delivering material resources, pressure from local clients gradually persuaded the NGO to operate a credit delivery service. (Of course, from another perspective, this could be seen as an example of an NGO responding in a participatory way to community needs.)

In the light of these different perspectives on NGO service provision, Poole (1994) tries to make a pragmatic case for NGOs to get involved in service delivery in contexts where services are in short supply, and where the needs of the poor are not being met. In countries which are undergoing economic adjustment, the promotion of agriculture, education and health sectors is constrained by limitations on resources such as finance, human capital and institutional capacity. If the state is unable to provide essential services (e.g. agricultural extension and research) there is the possibility that the resultant gap can be filled by specialized organizations within the NGO sector.

According to Poole (1994) 'contracting out' is in many cases to be welcomed by NGOs as an opportunity to specialize and take over activities which may previously have been either non-existent or else the responsibility of ineffective government or private sector agencies. For example, agricultural research and extension are investment items which cannot be left to the private sector because they are 'public goods' – commercial profits would be limited because there are only limited markets through which communal benefits can be translated into profits by entrepreneurial activity. So by 'privatizing' them in the narrow sense, only limited impact would be achieved, but for the government to charge a fee would act as a disincentive to improving agricultural practices. In many countries the public agricultural system has failed to appreciate either the complexity of farming marginal, risk-prone lands, or the socio-economic constraints such farmers face (Chambers 1987). According to Poole, NGOs can function as

alternative providers of such services, financed by the state, and/or by international donor agencies where the state is economically too weak. Besides making a unique contribution to agricultural development, the NGO sector can supply other benefits. Diversity in the provision of agricultural technology and services is likely to promote efficient competition, and to stimulate the process of institutional and democratic evolution that are themselves dimensions of national development.

(Poole 1994: 105)

The respective roles of public and private sectors should be determined by comparative advantage of each. Such a view is implicit in Brett's (1993) study, which argues that we are finally starting to develop methods of accounting for the relative efficiency of different kinds of institutional actors, and therefore envisages a plurality of institutional actors, based on their relative strengths and weaknesses, as the ideal. The issue of consumer choice is also relevant *within* the NGO community itself. How far might it be advantageous for local people to be able to choose the best services from among a range of different NGOs, rather than having to be aligned with the particular NGO which turns up in their locality?<sup>4</sup> Carroll (1992: 105) discusses this question in the case of Costa Rica, where the strength of a local democratic tradition has led to a situation in which many of the households he selected for a set of case studies were found to be part of a range of civic groups and NGOs which give people more options and choices. However, in many other resource-scarce environments this is unlikely to be the case.

There is considerable debate as to whether NGOs should be 'complementary' or 'alternative' service providers, and Poole (1994) suggests that in some cases it might be advantageous for some NGOs to become alternatives for services which are public goods. Some of the benefits of 'contracting out' at the policy level are that absolute cuts in provision under adjustment conditions might be prevented at least in the short term, efficiency can be improved by making use of skills and resources locked up in the NGO sector, and that if done competitively, contracting might lead to improved efficiency among public sector agencies. At the human resources level there may be other advantages in that the drain of high-calibre staff from government to overseas posts might be prevented, the organizational complexity of the government sector could be reduced, leaving a few key positions in the higher echelons, and there might be efficiency gains which may permit better remuneration of government staff and reduce corruption by making malpractice less attractive. For this to make a positive contribution to agricultural development, contracting out would have to incorporate social and equity objectives to ensure that gender, ethnic and regional policy issues were addressed, and have a fixed time frame for at least 3–5 years to prevent the negative effects on tendering organizations and local communities of erratic funding and repeated proposal submission. There would also need to

be work by NGOs to build social capital, such as stimulating the development of local grassroots organizations of users through training to help meet demand. Since NGOs are using foreign money, it is therefore undesirable for them to *replace* government services. Carroll's view is that NGOs 'should emphasize capacity building or viability upgrading services, not routine services'. This is a view supported by Brown and Korten (1989: 11):

unless [NGOs] are developing the capacity of indigenous organisations to replace them in their functions on a self-sustaining basis ... they cannot claim to be doing development work.

The case made by Poole (1994) is for appropriately specialized NGOs to become more involved in service provision during periods when resources are constrained in the government sector, not that the whole NGO sector should move this way and ultimately compromise its independence. Indeed, it is argued that little is to be gained by trying to increase state responsibilities if resources are constrained and key government personnel are leaving for other jobs – in fact it would be 'negligent'. Semboja and Therkildsen's (1995) study of service provision in East Africa illustrates the complex ways in which the provision of services for the majority of the population now depends on joint action by the state, NGOs and community-based organizations. Under the macro-economic conditions of structural adjustment, links between the state, international donor agencies and the third sector are becoming more important as the government role declines in health, education and the maintenance of law and order. Many governments were initially hostile to NGOs in Africa because the government's legitimacy traditionally depended on its provision of services in the post-colonial social contract between state and people. The role of donors in this process has been central, with the result that NGOs, and therefore also a range of key services, remain dependent on outside funding.

In Bangladesh, where NGOs funded by bilateral and multilateral donors are taking over key services from the state in health, education and agriculture, the phrase 'franchise state' was coined by Wood (1997) to illustrate the dangers which threaten political accountability when citizens are no longer able to exert pressure on government for services, but instead become dependent upon NGO intermediaries and the international donors which fund them. The increasing involvement of third sector organizations in service provision is not confined to developing countries. The fashion for privatization and 'rolling back the state' pursued by Margaret Thatcher in Britain ushered in a new period of resource availability and increased profile for the service-providing section of the UK voluntary sector.

Theories of the origins of the third sector have tended to focus on the issue of service provision and have frequently attempted to explain the general emergence of NGOs around the world in terms of either market failure or state failure (Kendall and Knapp 1999). Third sector organizations

emerge because there are unmet needs among sections of the population, either because there are minority interests which 'standardized' government prescriptions tend to exclude (for example, the needs of people with highly specialized health problems) or which the private sector finds unprofitable to address (such as the agricultural input needs of poor farmers on marginal or risk-prone lands). Another theory emphasizes the issue of trust in countries which provide tax incentives for 'not-for-profit' organizations by pointing out that this 'non-distribution constraint' on third sector organizations means that the public is more inclined to trust them as opposed to businesses in providing care services, such as in the case of residential care for the elderly.

These are highly contentious issues where there is little agreement, and as Chapter 2 reminds us, it is important to recognize both the diversity of third sector activity and the historical and political specificity of different country contexts. For example, in the US Salamon (1994) has argued that there has for many years been an essentially symbiotic relationship between the state and the third sector. Government has used its resources and ability to monitor quality deliberately to foster the growth of a 'community' of third sector organizations which possess the flexibility and responsiveness to identify needs, and this in turn has helped create 'stakeholders' who will support government programmes. The US third sector has therefore played an essential role in public policy in terms of the implementation of services, a fact which has overshadowed even the cost-effectiveness and efficiency arguments often used elsewhere to justify third sector involvement. This line of argument of course challenges earlier theories of state failure and market failure as likely explanations of the evolution of third sector organizations, at least in the context of the US. A similar line of thinking from the development literature is found in Sanyal's (1991) work on the very different context of Bangladesh, where the concept of 'antagonistic cooperation' is used to show the ways in which – despite frequent tensions and problems – the government, NGOs and donors all need each other because the perceived differences between each one helps to justify the legitimacy of all three types of development actor.

If resource pressures on NGOs continue the way they have been during the past decade we might expect some NGOs to begin to lose their multiple identities and specialize in service delivery to the detriment of other activities. This is the hazard outlined by Carroll (1992), and there is some legitimacy lent to the prediction in the work of Edwards and Hulme (1995). In a controversial study of the history of the NGO sector in Bangladesh, Hashemi and Hassan (1999) traced the 'de-radicalization' of the NGO sector away from its Freirean roots of 'conscientization' towards the almost universal pursuit of micro-finance delivery by almost every major NGO in the country. A similar issue was highlighted in an influential independent report on the British voluntary sector by Knight (1993) as contracting

became more common. Will two distinct types of NGO therefore emerge, one focusing on advocacy and another on service delivery?

### NGOs and advocacy: strategies for structural change

The second major NGO role is that of advocacy, in which NGOs seek to advance the interests of under-represented groups through negotiations with powerholders, usually the state, but increasingly also with the corporate sector. For Najam (1999) advocacy is the attempt by NGOs as 'policy entrepreneurs' to 'prod government to do the right thing', though it can be a strategy which can be equally directed at the private sector. Advocacy NGOs differ from service delivery organizations in that they are primarily seeking to try and change the *status quo* rather than meeting people's immediate material needs, although there are many NGOs which seek to combine both roles (Young 1992). We can draw upon Hirschmann's ideas of 'exit' and 'voice' in decision making in the analysis of NGO advocacy and policy issues, which draws us further into the 'influence' sector of de Graaf's (1987) conceptual framework of NGO management. Advocacy is concerned with the struggle to achieve voice which, according to Bratton, is more than just claim making: voice is about seeking to introduce a new programme or policy, or to alter the goals or terms of an existing one.

Covey (1995) points out that the importance of the NGO advocacy role began to resurface in the development world in the early 1990s, and has since gained momentum such that it is now assumed by many people that advocacy is an important NGO activity in building sustainable development.<sup>5</sup> For those like Korten (1990), who argue that development is about addressing root causes rather than trying to simply cure some of the problems or symptoms, advocacy is seen as a crucial direction for NGOs to move in, particularly those in the North. Within Korten's NGO generation framework, the move into advocacy and away from simply attempting to meet people's immediate needs through service delivery is seen as a sign of an organization's growing maturity. Enthusiasm for the NGO advocacy role is also found increasingly among those who see the challenge of 'scaling up' NGO activities as the crucial priority for the future (Edwards and Hulme 1992).

What is policy advocacy? According to Jenkins (1987: 267), writing in the context of the non-profit sector in the United States, advocacy is 'any attempt to influence the decisions of any institutional elite on behalf of a collective interest'. We can link this back to de Graaf's (1987) earlier arguments about NGOs trying to both control and influence their environments in order to achieve their objectives:

efforts to maximise control over the factors that affect the realisation of shared goals, and seeking to influence – through lobbying or alliance building – those factors which cannot be directly controlled.

(Bratton 1990: 91)



In this way advocacy can be distinguished from mere policy 'implementation', since it involves the articulation of a set of demands or positions in relation to policy, but not necessarily the enactment of such policies, though this may of course be the ultimate aim. Advocacy later needs to be converted into implementation. Jenkins (1987) argues that many non-profits see themselves as having legitimacy to represent the non-commercial interests of the general public as opposed to the special economic interest groups within the rest of society, such as commercial businesses, which left to themselves might work against the public interest. The analysis of NGO advocacy therefore brings us back to the liberal conception of 'civil society' in which organized groups of citizens challenge and check the excesses of state and market. It also brings us into other areas of research on social change, such as the concept of 'social movement organizations'. Some NGOs can be seen as organizational components of such social movements which seek connections with institutionalized systems of decision making (McCarthy and Zald 1977; Dechalert 1999). On the other hand, NGOs may become advocates of issues which have yet to generate a wider social movement, such as child rights or consumer rights, by acting as the 'advance guard' for the sentiments of a certain part of the population.

NGOs have attempted to try and widen their effectiveness away from merely implementing projects and towards influencing the formation of policies. ActionAid India (1993) outlined six possible strategies for advocacy work with its partners, which constitute the advocacy 'toolkit' for NGOs everywhere: negotiations, lobbying (i.e. influencing key individuals), gaining membership of government bodies, building networks and coalitions, using the media and conducting campaigns. Bratton (1990) seeks to assess in the African context the record of NGOs seeking to carry out an advocacy agenda and achieve policy influence. Analysing case studies from Zimbabwe and Kenya, where NGOs have tried to represent the 'voice' of the rural poor to policy makers, Bratton focuses on the Savings Development Movement (SDM) in Zimbabwe, the National Farmers' Association of Zimbabwe (NFAZ), and Voluntary Agencies Development Assistance (VADA) in Kenya. He finds that policy advocacy is most likely to be effective if NGOs have the following characteristics:

- (i) a homogenous membership, which gives a clear policy platform
- (ii) a federated structure such as a coordinated network of community-based organizations
- (iii) a focused programme with clear and simple objectives (VADA was tempted by donor ideas and tried to be all things to all people)
- (iv) a set of informal ties with political leaders by NGO leaders (this was found to be a main predictor of impact)
- (v) a solid domestic funding base, since dependency on foreign funding tends to be negatively related to NGO effectiveness at policy influence because such work requires funds with 'no strings attached'.

There is also an important range of contextual factors which an NGO needs to appreciate and react to: in Zimbabwe in the 1980s there was a new government far more ready to work with NGOs on poverty issues than the entrenched Kenyan regime which appeared more interested in protecting privilege and controlling NGOs.

Advocacy organizations may involve the use of routine political channels or more confrontational direct actions such as marches or demonstrations. Bratton argues that NGOs gaining a 'voice' for the poor in policy making through non-confrontational means is a more useful strategy for NGOs in Africa than 'empowerment' against the power structure, which he sees as confrontational, because it allows the NGO leaders

to identify openings in the administrative system and to cultivate non-adversarial working relationships with the politically powerful.

(Bratton 1990: 95–6)

Bratton's model gives NGOs the task of articulating many of the underrepresented demands and needs of the poor to policy makers more effectively. In this way, the policy environment can be 'influenced' even if it cannot be 'controlled'. But in order to be successful at advocacy in achieving policy impact, NGOs need both technical and managerial competence on the one hand, and political clout (i.e. a mobilizable political constituency) on the other (Bratton 1990: 93).

In a systematic review of NGO advocacy networks in the environmental sector, Covey (1995) analyses four case studies (three from the Philippines and one from Mexico) and examines both national and transnational alliances. Covey asks two sets of questions:

- (a) What factors increase the effectiveness of NGO alliances in achieving policy outcomes and strengthening civil society?
- (b) What factors enable alliances to be accountable to their members, especially grassroots groups?

She found that the main factors affecting success or failure could be analysed in terms of both 'policy effectiveness' (i.e. did the alliance achieve its policy goals through direct or indirect influence on decision makers?) and the 'civil society dimension' (i.e. did the alliance strengthen local institutions and change the nature of community participation in the process of policy influence?). In the case of the first criterion the case studies show that total victories are extremely rare but that a level of success can be achieved by a process of compromise in which the original goals are modified to take account of new opportunities, such as moving from a position of confrontation to influencing a new piece of legislation in favour of the poor. If there are 'multiple policy goals', the case studies show that some may be won while others are lost. Policy outcomes can be achieved at 'different levels'

such that local change may be effected, while the national level remains resilient to NGO influence, and while the need to influence 'multiple actors' is also difficult to achieve. In one case, some strong grassroots groups left the alliance in protest over compromises in the original objectives:

Because the ebb and flow of a successful campaign must match the rhythm of the political process, it often appears that trade-offs must be made, at least in the short term, between policy gains and strengthening grassroots organisations.

(Covey 1995: 175)

One case study showed that effectiveness in both dimensions is possible by educating and involving grassroots groups in campaign decisions and by strengthening alliance capacity to achieve policy outcomes. There were three simultaneous parts of the strategy: increasing the commitment of the poor to support legislation through mass action; expanding their understanding of political decision-making processes; and increasing their confidence and skills for dealing with the government. Another showed that neither policy goal nor civil society impact was achieved: the national NGOs were unable to forge an alliance with grassroots groups and could not combine 'livelihood' and 'environmental issues'.

In terms of the strategic management of NGO advocacy, there are a number of lessons which emerge from Covey's work. In order to achieve success in changing policy, a coherent campaign strategy must be combined with adequate resources, and it is necessary for NGOs to 'frame' the issue in such a way that it must appeal to grassroots groups and also limit the opposition's ability to organize. For example, in one case a ban on logging was portrayed effectively by opponents as a threat to local jobs and livelihoods. In order to achieve impact at the civil society level, the case studies reveal the value of building international support networks among a range of different kinds of third sector organizations, and the need for local grassroots groups to have voice within the alliance, without which they will 'exit', as did a group of Mexican Indians in one case when they found that they were not being listened to by more powerful environmental NGOs.

What are the organizational implications of advocacy work for NGOs? This is an area in which there has been very little research. Norrell (1999) analysed the tendency among some UK NGOs to drift from service delivery into advocacy work, bringing a range of organizational tensions and problems. Young (1992) has examined the activities of a group of international NGOs based in the United States. The study suggests that an increase at the international level in advocacy as opposed to service delivery has been facilitated by, first, the growth in perceptions of the global nature of problems such as pollution, disease and poverty, which therefore require cooperation across national boundaries; and second, the emergence of improved communications and transportation technology.<sup>6</sup> Organizations

need to react organizationally to achieve success and are increasingly opting for decentralized and federated structures as the most viable for international advocacy work. Young therefore argues that, as with other types of international organization facing similar global contextual change (such as multinational corporations), international advocacy NGOs are increasingly grappling with the transnational issues of distance, language and culture. Young (1992) discusses three international NGO case studies: Nature Conservancy, International Physicians for the Prevention of Nuclear War and the Institute of Cultural Affairs. All have their roots in the US but work internationally, and each has formed a loose 'federal structure' with networks of relatively autonomous units (analogous to a 'multi-headed hydra') rather than a formal, monolithic hierarchy. This is proving the most appropriate structure to accommodate competing demands, such as the need to manage competing tensions between the need for coherence and unity while at the same time building and maintaining local autonomy and diversity.

Each NGO was found to depend heavily on a 'charismatic leader' at the early stages of its formation, but to be moving towards the replication of dynamic and visionary leadership at the local level in order to carry on the work. The organizations rely on a set of common values and beliefs about conservation, development and peace as the 'glue' which binds the organization together, and an organizational culture which values collegiality rather than material reward as the main incentive for staff performance. The levels of internal democracy in these organizations in terms of membership was found to be not particularly high, with quite low levels of participation and a certain amount of 'free-riding'. Instead, the NGOs tend to have 'privileged member' groups upon whom they rely for a disproportionate amount of the support and work. Two at least are moving towards a decentralized structure with greater emphasis on local and regional concerns and autonomy.

Some analysts such as Edwards (1993) have raised concerns that the advocacy work of Northern NGOs in achieving influence with powerholders and in educating their publics has been somewhat patchy. In Edwards' view, Northern NGO advocacy is a distinctive activity with ambitious aims and objectives which is tied in with these agencies' efforts to build partnerships in the countries where they work and change the 'rules of the game' in their own countries:

[advocacy] ... is an attempt to alter the ways in which power, resources and ideas are created, consumed and distributed at global level, so that people and their organizations in the South have a more realistic chance of controlling their own development.

(Edwards 1993: 3)

This action may have two forms: first, influencing global processes such as world trade, or bringing about lifestyle changes among their own supporters

and constituents; and second, influencing specific policies or projects. The former may be relatively public and confrontational – and therefore quite difficult to achieve – while the latter is less so and may be based on dialogue and information provision. Both of these activities are complementary, according to Edwards, but he suggests that many NGOs have failed to realize this and have failed to build on available opportunities to combine local, national and international work. Clark (1992) points out that Northern NGOs have found some success with efforts to establish a baby milk marketing code, drafting a list of essential drugs and removing restrictions on trade for some items in favour of poor producers in developing countries. But according to Edwards (1993), many of the results have been disappointing and the potential has not been fulfilled due to the absence of clear strategy, a general failure to build on strong alliances, an inability to develop suitable alternatives to current orthodoxy, and the problem of ‘room for manoeuvre’ created by the relations with official donors which exist for many Northern NGOs. The recent Jubilee 2000 campaign arguably tells a brighter story, since this multi-sectoral alliance of church groups, NGOs, trade unions and other civil society groups has succeeded in generating considerable awareness among policy makers and publics about the problem of Third World debt, but at the time of writing has failed to generate more than a small impact on the overall scale of the problem, which remains vast. In a recent work, Edwards (1999b) presents a more positive picture of NNGO advocacy work around the success of campaigns dealing with subjects such as ‘sex tourism’ and landmines in recent years because, unlike subjects such as environmentalism and women’s rights, it is possible to present these subjects powerfully both to the public and to policy makers and link them to practical solutions.

An important part of this advocacy effort has been directed towards the World Bank and other international institutions. Kardam’s (1993) study examines progress in bringing about change towards policy reform within international organizations such as the World Bank, and identifies four factors as being crucial: the degree of relative independence of the organization within the context in which it functions; the amount and nature of external pressure for the new issue to be taken on board; the consistency of the new ideas with the target’s organizational goals; and the extent of internal advocacy taking place within the international organization itself. As we saw in Chapter 2, there has also been a growth of NGO participation at the series of global United Nations summits on issues such as environment, social development, population and gender, both at the formal meetings (which have grown more open to NGO participation) and in the establishment of ‘shadow summits’ occurring alongside the main meeting which seek to influence what takes place. Van Rooy’s (1997) study of two such summits seeks to analyse the impact of NGO efforts to influence processes and outcomes at the 1974 World Food Conference and the 1992 Earth Summit. The findings are encouraging in that they show that NGO

influence is possible, but they also highlight the need for NGOs to be realistic about what can and cannot be achieved through advocacy and lobbying work at these kinds of fora, which remain dominated by governments. Van Rooy suggests that NGO advocacy impact tends not surprisingly to be circumscribed by the sensitivity of the policy issue under discussion: for so-called 'high salience' issues such as human rights, which may have major resource or security implications for governments, NGOs must wait until they are actually on an agenda for review if they wish to try to influence them, and will be unable to bring to bear power which will persuade governments to address them if no such process for review is yet in place. It is what Van Rooy terms 'low policy' issues which do not threaten national security, are relatively cheap and easy to administer and are non-controversial (such as gender, social development, environment, changes to development practice) where NGOs can expect to achieve more impact on the policy process through lobbying.

There are therefore some important limitations to the NGO advocacy strategy. First, as Jenkins (1987: 314) acknowledges, not-for-profit advocacy in the United States cannot itself counteract the influence of special interest groups such as the large corporations, which have enormous power in any capitalist society, and suggests instead that 'At best they can set up roadblocks that ensure consideration of a broader range of interests'. Instead it is the ability of NGOs to forge wider links with broad-based social movements or grassroots organizations which is the key to securing change. At the present time there are important examples which may demonstrate impressive potential for NGOs in this regard, for example, the recent campaigning in Europe by NGOs such as Greenpeace and Friends of the Earth against corporations such as Monsanto which have been seeking the introduction of genetically engineered food crops – campaigns which have forged links with a range of community groups, NGOs and social movements at local and international levels, and which have at least at the time of writing appeared to present a serious challenge to what might once have seemed to be an unproblematic moment of technological 'progress'.<sup>7</sup>

Second, there is the question of NGO accountability and the problem of legitimacy – exactly whose views are NGOs representing, by what authority, and how accurate is the information that they are presenting? Doubts have been raised recently as to the ability of NGOs to convey complex scientific and technical issues which can easily be distorted to fit a particular ideological position, such as the environmentalist argument that biotechnology is harmful (*The Economist*, 29 January 1999). Third, there is the conceptual problem of developing a model of NGO advocacy solely in terms of the workings of Western liberal democratic states. In Peru, Diaz-Albertini (1993: 331) argues that Western theories about NGO and government relations in relation to advocacy tend to assume a stable democracy and an 'institutionalized' state. The challenge for NGOs in many Latin American countries is not to improve services or challenge privatization, but to get the

state to even accept that it has responsibility for welfare in the first place – the prevailing conditions of debt, political and bureaucratic corruption and inefficiency all combine to make even this basic acceptance of responsibility a rather remote possibility.

Finally, there is in the area of NGO advocacy a serious problem in judging effectiveness and impact. Covey's (1995) case study of an NGO advocacy alliance in Mexico revealed that in the end it was macro-economic issues which eventually made the proposed World Bank-funded forestry project unattractive to the government, rather than the NGO advocacy alliance which was secondary in its impact. More recently, in the case of the 1999 'Battle of Seattle', which some NGOs have claimed as a notable success in securing the abandonment of the World Trade Organization (WTO) trade liberalization negotiations, it has been argued with some plausibility by NGO insiders and commentators that the real reasons for failure lay elsewhere, for example with the inability of the United States and the European Union to agree to the terms of trade reform.

### **The role of innovation in NGO management**

An ability to innovate is often claimed as a special quality, or even as an area of comparative advantage of NGOs over other kinds of organization, especially government agencies. While there are many NGOs which do not see innovation as part of their activities, there is certainly ample evidence to support the claim that certain NGOs have been able to develop new approaches to poverty reduction. Innovation may be linked to the development of new technologies (such as the SALT technology in the Philippines referred to earlier), creating new management practices (such as the Grameen Bank's credit model with its tightly structured village-based group system), or devising new planning and research methods (such as participatory rural appraisal or PRA).

How are some NGOs able to manage an innovative approach? Clark (1991: 59) argues that NGOs may be less constrained by orthodox ideas and structures than are mainstream aid agencies and governments. In his review of NGO activity around the world, he finds evidence that their staff have considerable flexibility to experiment, adapt and try out new approaches to problem solving. There are several reasons for this in Clark's view: they may be smaller in scale, with fewer staff and formal structures, which can mean that decision making is a relatively straightforward process; local officials will not be very involved, which can reduce the level of administrative red tape; the level of outside scrutiny and regulation may be very low; and the ethos of 'voluntarism' may encourage individuals to develop their own ideas, experiment and take risks. In many of the 'reluctant partner' series case studies (e.g. Farrington and Lewis 1993) collected among agricultural NGOs in south Asia, it became apparent that NGO innovations are rooted

in a problem- or issue-oriented approach to agricultural change: responding to opportunities and constraints identified by the rural poor.

Aside from the availability of case study material which provides evidence for innovation by NGOs, there is comparatively little conceptual work around the issue of NGO innovation.<sup>8</sup> For such conceptual discussions, it is necessary to turn to the business and non-profit literatures. In the wider organizational literature, Amendola and Bruno (1990: 419) argue that innovation is 'a learning process which concerns both the firm and its environment and that results in deep changes for both of them'. In the non-profit literature, the British writer Perri 6 (1993) defines innovation as 'the introduction of changes in the production of goods and services' and presents a framework which distinguishes invention, innovation and diffusion as distinct parts of the innovation process. Drawing on the US literature on non-profits, Kanter and Summers' (1987) paper explores innovation in organizational terms:

Innovation is a crucial element of an organization's effectiveness because it addresses the organization's potential to meet future demands, to take advantage of opportunities and resources within the environment, and to use resources (both human and material) to generate new products and services.

(Kanter and Summers 1987: 161–2)

The authors present a case study of a US non-profit healthcare service organization, and show that innovation within an organization can be measured by conducting an audit of the organization's capacity to develop and implement new policies, new services, new organizational structures and new working methods. They also suggest a number of organizational factors which are likely to either encourage or constrain innovation, such as support of middle managers by senior managers and the existence of appropriate rewards and incentives for experimentation and risk taking; collaborative mechanisms which can facilitate exchange and learning with other organizations; support from experts and other contacts outside the organization; and systems which can facilitate participation from beneficiaries and the wider community. Factors which discourage innovation within a non-profit organization were found to be active or passive resistance from colleagues, powerlessness in the form of an inability to command the necessary resources or technical information, and lack of reward for experimentation, such as performance-related pay.

This has led to a strong emphasis on innovation as a management challenge and to a set of high expectations about what NGOs can achieve. Hudson (1995), in his introduction to management in the UK voluntary sector, sees the encouragement of innovation as a key task for managers, going almost far enough to suggest that successful innovation is the key to third sector survival:



Chief executives have to encourage innovation: they have to ensure that the organisation is constantly moving forward and finding ways to campaign and deliver services that meet new circumstances. It means searching for new ideas, sometimes from other countries, sometimes from local branches and sometimes from organisations in other fields. It means putting staff time and money into new ideas and acknowledging that while many will fail, a few will become the engine for the organisation's future development.

(Hudson 1995: 238)

Stern (1992) makes the point that voluntary organizations in Britain are caught between the government's contracting and privatization policy and a range of pressing social needs, such that their room for manoeuvre is heavily circumscribed: in this situation innovation helps organizations to avoid becoming simply agents of service delivery for the state, and is therefore crucial for their survival. This brings a distinctive view of voluntary sector evaluation in the current policy climate: rather than trying to develop new approaches and techniques, as voluntary organizations did in the earlier pioneering days of welfare state development in Britain, the challenge now is to innovate in order to ensure the continuing existence of a healthy voluntary sector as part of 'civil society', which is considered socially desirable as an end in itself.

The idealism of the 'NGOs as innovators' approach has inevitably generated scepticism in some quarters. As Clark (1991) points out, the claimed special strengths of NGOs in innovation capacity, such as voluntaristic style and small scale, is really doubled-edged, because the same points can be used to make the case for NGO amateurism, since it

fosters idiosyncrasy, lack of continuity and poor learning abilities. It should also be said that many NGOs are far from innovative, but prefer to apply well-tested approaches to new constituencies.

(Clark 1991: 59)

Some analysts have argued that far from being inherent, NGO innovativeness may derive instead from an organization's relationships with other agencies and with professionals working in other institutions (Kaimowitz 1993). Perhaps it is 'alliances' rather than 'products' which we need to examine with reference to NGO innovation. Biggs and Neame (1995) suggest that we must view with caution claims that NGOs have an inherent capacity to innovate: it is through building constructive links and networks that most innovations take place. NGOs therefore need to take care that their multiple linkages are maintained, since they are a source of strength.

It is clear therefore that innovation is not a prerequisite for success, and nor can it be regarded in any general sense as an innate characteristic of all NGOs. There are many cases of inept, amateurish NGOs which struggle on

with out-of-date or discredited approaches to poverty reduction and welfare, while at the same time there are many NGOs doing perfectly useful work using tried and tested – though hardly innovative – methods. There are also problems associated with the policy pressures on some NGOs to come up with novel solutions to what amount to complex problems. In an article based on Zimbabwe and sustainable development in agriculture, Vivian (1994) identifies the problem of unrealistic donor and NGO supporter expectations leading to what she calls the ‘magic bullet syndrome’. She sees the emphasis on simplicity and success as potentially counter-productive, since problems of poverty and development are not new problems and many individuals and agencies have long struggled with them. So keen have we been to find alternatives to the dismal record of development work overall that we have seized upon NGOs as an all-purpose solution.

Biggs and Neame (1995: 36) go further than Clark in casting doubt upon the idea that NGOs are especially good at innovating, and argue that the conventional wisdom simply does not stand up to scrutiny. In their view, the history of innovations by NGOs in agricultural research often relies on the professional involvement of universities, government research institutes and international agencies, or on individual practitioners in the field with little or no organizational affiliation to either governments or NGOs. It is the collaborative process which drives the appearance of innovation, rather than any inherent capability of NGOs themselves.

A key indicator of successful innovation is whether ideas and practices are taken up elsewhere, spread or replicated (Chambers 1992). For example, PRA has been adapted and further developed by NGOs such as MYRADA in India by inviting people from government and other NGOs to participate in field training meetings. Good ideas and experiences, says Chambers, tend to travel very fast, such as the idea of using farmers as extension agents which was pioneered by the US NGO World Neighbors (Bunch 1985) and has been adopted very widely across the world by a variety of agencies:

This points to methodological innovation and the sharing of innovations as NGO activities which can have a very wide impact indeed. An NGO which develops an approach and method which then spreads can count that spread among the benefits from its work. A small NGO can, in such a manner, have a good impact vastly out of proportion to its size, especially if it shares open-handedly and builds in self-improvement. Indeed where small NGOs have successful innovations, they should consider their strategies to stress dissemination.

(Chambers 1992: 46)

Chambers (1992: 46) argues that the scope for innovation and spreading innovations is also crucially linked to the organizational cultures of NGOs. Some remain ‘bounded, possessive and territorial’ and less likely to share, spread, adopt and improve than those which are ‘open and undefended’.

Although the process of spreading innovations and ideas can be 'degenerative' (such that innovations can become institutionalized and lose much of their power), if NGOs can manage the spreading process using careful monitoring and quality control then a measure of 'self-improving spread' can be achieved. The issue of innovation leads us to consider the issues of evaluation, performance and 'scaling up'.

### **Evaluation, impact and 'scaling up'**

Despite the increased profile of the NGO sector and the growing resources it consumes and generates, the overall NGO contribution to reducing global poverty through service delivery and advocacy remains small and largely unproved. This section discusses the ways in which NGOs have attempted to improve their performance and effectiveness, and focuses on using the techniques of performance evaluation and the challenge of increasing impact through what has become known recently as strategies for 'scaling up' (Edwards and Hulme 1992).

There is a long history of approaches which seek to measure the effectiveness of development projects, from the mainstream planning tool of traditional cost-benefit analysis long used by the public and private sectors to the more recently fashionable 'stakeholder analysis' approach developed by some development institutions (Gosling and Edwards 1995; Eade and Williams 1995).<sup>9</sup> Yet there are arguably two quite surprising features of the NGO evaluation scene which become apparent from a reading of the literature. The first is the relative lack of attention which has been paid among NGOs in general, until quite recently, to the importance of evaluation as a tool for improving performance through learning and as a means of ensuring accountability. Instead, evaluation is frequently viewed as something which has been imposed upon NGOs by a funder or a government agency and therefore undertaken with reluctance or even resisted. As Smillie (1995) points out, many NGOs in North and South have been reluctant to undertake evaluations because they lack the necessary tools or time, because they are not secure enough to face up to negative outcomes, or because evaluations are imposed by donors. The result has been a frequent 'failure to learn from failure' among the NGO community. The second is the fact that when NGOs have either undertaken or been subjected to evaluations, the information about their performance which has emerged has often been rather less flattering to the NGOs than many would assume from current received wisdom and public perceptions.

Evaluation is the term usually given to describe the process of assessing performance against objectives, and it can be contrasted with the activities of monitoring, which usually refers to the regular collection and analysis of data about the organization's ongoing activities and the process of appraisal, which is the assessment of a proposed project or programme. As Riddell and Robinson (1995: 44) point out:

At their best, evaluation techniques should be able to assess performance results against objectives, and benefits against costs, and in so doing identify strengths and weaknesses in a way which can have a positive impact on the effectiveness of projects and programmes.

There are two main trends in the growth of interest in evaluation of NGOs. The first might be described as the technocratic, managerialist approach, in which evaluation is seen primarily as a means of control which can ensure accountability for the responsible management of donor funds and to confirm that the agreed activities have actually been undertaken. Such evaluations are frequently undertaken by donors as part of the funding relationship, or by the government which needs to know what it is that NGOs are doing. The tools which are deployed within such evaluations may include cost-benefit analysis, staff and beneficiary interviews, detailed financial audit, and the use of logical framework analysis which allows the measurement of progress by charting indicators against the objectives agreed before the beginning of the project or programme. The overall purpose may be the need to confirm that funds have been used properly, or to make a decision as to whether funding should be renewed for another period. This perspective on evaluation seeks to form an objective view of events which have taken place and tends to assume that given the 'right' approach to gathering information a relatively clear picture can emerge. The second trend is the growth of the participatory evaluation tradition which has emerged from the wider growth of participatory development approaches associated with Chambers (1994) and others. This approach tends to see evaluation in less objective, factual terms than as a 'combined judgement' which reflects the different perspectives of the different stakeholders involved and which requires a relatively long-term process view instead of a 'snapshot' of a particular moment. The second approach is the one which has recently gained favour. However, the new participatory approaches lend themselves to criticism in two main areas – the first is that they are easily abused or co-opted into the top-down paradigm, while the second is the conceptual contradictions which can arise when distinctions are made between different kinds of knowledge, and the problem that these techniques can all too often mask differences of power, class and status (e.g. in the use of the term 'community').

Pressure for improved evaluation comes from internal and external sources. As donors have increasingly funded NNGOs during the 1980s (Fowler 1997), there have been more stringent contractual demands placed upon NGOs for financial accountability and for the realization of agreed impacts. There is also a set of pressures which come from inside the NGO. Riddell and Robinson (1995) argue that evaluation is in the interests of NGOs because practical lessons can be fed back into decision making in order to improve future performance, and because by showing that funds are well spent, support can be strengthened and funding can be made more

secure. Evaluation is the key to the 'learning organization' approach favoured by Korten (1990) and other writers on organizations (see Chapter 4).

Box 9 *The rise of participatory monitoring and evaluation (PM&E)*

The importance of taking local people's perspectives into account, the rise of organizational learning and the pressures for greater accountability have all contributed to the rise of PM&E as a means to improve the effectiveness of development intervention. Advocates of this approach suggest a radical rethinking of conventional monitoring and evaluation work based on four broad principles: opening up design and implementation to those affected (participation); discussions with all stakeholders about data collection and analysis (negotiation); using the evaluation as the basis for improvement and course correction (learning); and responding to changes in the overall group of stakeholders and the environment (flexibility). A toolbox exists, ranging from questionnaires and mapping to the collection of personal histories and the use of video. Indicators for identifying and monitoring change are essential to PM&E, and this is a complex task which needs to balance local relevance with wider comparability, the involvement of stakeholders with the time available, and tangible with intangible changes (e.g. increased income as well as increased self-esteem). There are many problems which arise, such as the different interests between stakeholders which can lead to conflicts, and the need for managers and community members to be open to different points of view. In this approach, it is often necessary to work with informal forms of data collection and imperfect information, based on the idea that information only needs to be 'good enough' for the task at hand. In some situations, PM&E can be used alongside more conventional forms of M&E in order to supplement it.

(Source: Guijt and Gaventa 1998)

Evaluations can operate at three different levels, as Marsden and Oakley (1990: 12–13) have outlined. The first is at the level of the donor agency (a NNGO or a funding agency), which is usually an 'external evaluation' in which evaluators are not themselves involved in the project implementation. The second is undertaken by the implementing rather than the funding agency (such as an SNGO) and this may take the form of a 'joint evaluation' involving both external evaluators and project staff. The third is the idea of the 'self evaluation' which is undertaken by the so-called 'beneficiaries' themselves, usually with the participation of project staff, and perhaps drawing upon the services of an outside facilitator (Sen 1987).

According to Riddell and Robinson (1995: 50) judging NGO performance is more an 'art' than an exact science. The main reasons for this are, first, the difficulty of measuring 'social development' as opposed to economic development in that qualitative achievements cannot be evaluated objectively (Marsden and Oakley 1990; Harding 1991); second, the difficulty of building into evaluations the idea of 'process', because there is no 'correct' time at which assessment should be made (during the project, five years after?); and third, the attribution problem created by the fact that the changing wider social and economic context in which NGO activities take place can make it difficult to make an objective judgement about whether the NGO or some other factor has brought about an observed change. Fowler (1997) therefore suggests a way forward by assessing NGO performance as 'combined social judgement' in which the uniting principle can be the structural engagement of multiple 'stakeholders'. Evaluation should therefore be seen as part of the NGO learning process, not as an externally imposed burden and as part of a continuous process, not as an isolated event (Marsden and Oakley 1990).

Even when an NGO is improving its performance and accountability through the use of evaluation, it may be achieving little impact beyond the immediate community in which it works. Some NGOs have been content to take a 'small is beautiful' approach to their work, but awareness of the limitations of a piecemeal approach to large-scale problems, and of the vulnerability of NGOs to criticism from development policy makers of simply tinkering around the edges of the problem of poverty, has led to the discussion of 'scaling up' strategies. This is a somewhat vague term, but Uvin (1995: 927) argues that it refers to attempts at 'increasing the impact of grassroots organizations and their programs'. A conceptual framework is provided by Edwards and Hulme (1992), who argue that there are three main types of scaling up which can be observed; the first is 'additive', in which an organization seeks simply to increase its size and the overall coverage of its programmes; the second is 'multiplicative', in which an organization attempts to gain more leverage and influence by ensuring that its ideas are put into practice by other development actors and therefore reach a greater number of the target population; and the third is 'diffusive', in which the NGO tries to transfer or spread its approaches beyond the organization's own immediate sphere of influence. There are four main strategies for achieving scaling up, and these are working with government (e.g. Parry-Williams 1992); linking the grassroots with lobbying and advocacy efforts in order to move beyond mere service delivery (Constantino-David 1992); advocacy work in the North in order to change the broad institutional and public frameworks in which resource allocations are made (Clark 1992); and finally the strategy of organizational growth which has seen a few NGOs grow rapidly in size and scope (Howes and Sattar 1992).

Just as the debates about the management of evaluation by NGOs have focused on cases of the imposed nature of NGO evaluation, there are also

hazards on the road to scaling up. Dichter (1989b) has discussed the dangers for NGOs of what he terms the 'replication trap' – unrealistic pressure from donors or governments to develop easily replicable projects – and he emphasizes long-term institutional learning as the prerequisite for a scaling up strategy. One of the best documented examples of NGO scaling up is Bangladesh's Grameen Bank, which is discussed widely in the literature. Rather than growing any larger as an implementing organization, it has instead encouraged replication and adaptation of its original micro-credit delivery model around the world. Hulme (1990) likens this to 'institution breeding', rather than replication, since it has worked best when the model has been carefully adapted by users to suit local conditions, rather than simply transferred wholesale from one context to another.

## Conclusion

This chapter has reviewed the main activities undertaken by NGOs and has discussed some of the key management challenges raised, focusing selectively on two main types of activity which for many NGOs need not only to be managed singly but often in combination. A study from Peru by Dawson (1993) well illustrates the management challenges facing NGOs seeking to combine service delivery, policy advocacy and innovation. Each NGO in her study tried to set up an innovative model of community service provision which might, by example, influence policy making. Although there were some notable successes, there were a number of factors which hindered successful policy influence: local authorities undergoing expenditure reductions and therefore unable to assume new expenses incurred in the NGO proposals; the tendency of government to view NGOs and their efforts to strengthen community participation and organizations as political opposition. As well as internal organizational factors, the environment in which the NGOs operate proved to be a crucial variable. For these innovations to influence wider policy, they needed to be consistent with national or regional tendencies, in an environment which is relatively stable, peaceful and free from natural disasters. Another prerequisite was found to be a stable government with an interest in long-term development rather than in short-term electioneering. From the point of view of NGOs themselves, the study found that to be successful, NGOs require a broad level of recognition in society, and they must be able to analyse and disseminate results from their work.

In order to be successful, the service delivery and advocacy roles each require NGOs to develop appropriate structures which both 'get the work done' as well as conforming with the NGOs' own values and priorities. NGO management is also concerned with the questions of improving performance, which requires evaluation and increasing impact, and which has led to the new strategies for 'scaling up'. For example, the Bangladesh Rural Advancement Committee (BRAC) has developed a 'flat organizational

structure', as Lovell (1992) has outlined, as well as striving to put in place structure and culture which will facilitate a process of organizational learning. The Grameen Bank has developed a model of service delivery which innovates both at the level of the grassroots group (which builds strong peer group accountability in order to ensure loan repayment) and at the organizational level, using a combination of controlled values and vision, but with a looser, more decentralized approach to implementation which allows considerable autonomy at the field level (Holcombe 1995). As a relatively new area of professional activity, NGO management therefore requires both the evolution of distinctive new approaches to problem-solving as well as the borrowing and adaptation of techniques and ideas from other areas of management. Issues of scaling up and evaluation have become central to NGO management, and draw on a combination of internal innovation and external learning and adaptation.



# 6 NGOs and the management of relationships

## Introduction

This chapter examines the issue of managing relationships as the second main area of NGO management. Fowler (1997) argues that NGOs are not closed systems with clear boundaries around them, but are part of 'open systems', which makes them highly dependent on events and resources in their environment and cannot be viewed in isolation from what goes on around them. As we saw in Chapter 5, Biggs and Neame (1995: 39) highlight the danger of viewing NGOs simply as 'sources' of innovation or improved service delivery. Instead, we should pay close attention to the fact that whatever creativity NGOs may bring to the table can derive in large part from the relationships which they seek to maintain with a wide range of other actors and agencies through their participation in 'formal and informal networks and coalitions involving other NGOs, government agencies and the private sector'. This insight implies that it will be useful to review the range, nature and purposes of such relationships. We will therefore examine each relationship in turn by briefly discussing NGO relationships with local communities, with government, with business and with other development agencies.

It is first necessary to establish some kind of conceptual framework in which such relationships can be analysed. As we saw in Chapter 1, the concept of the triangle of state, market and civil society is a useful tool for understanding the management of NGO relationships (Brown and Tandon 1994; Turner and Hulme 1997; Wood 1997). An additional NGO perspective is provided by de Graaf's (1987) article which draws upon work in organization theory by Smith *et al.* (1980). He argues that NGOs, in addition to managing events and processes within the boundaries of their own organizational set-up, need also to understand and influence the wider organizational environment which lies beyond their immediate field of operation. The environment is crucial for NGOs because

unlike commercial organisations which can measure their success in terms of activities and their immediate results (i.e. production, sales and profits) NGOs must perceive and assess the implementation of their plans within the context of external dimensions.

(de Graaf 1987: 285)

The environment can therefore be seen as having two dimensions: one which consists of factors which lie largely within the span of an NGO's control, while the other consists of processes shaping the wider environment over which an organization has little control. De Graaf's framework can be understood in terms of the three concentric circles set out in Figure 6.1. The first circle contains factors which can be *controlled* by the NGO, in terms of staffing, budgeting, planning specific activities, setting objectives or choosing an organizational structure. The second circle encapsulates elements of the environment which can be *influenced* or even changed by an NGO, by processes of persuasion, lobbying, patronage, co-option and collaboration. These include, for example, elements of government policy, the activities of an international donor or the agenda of a UN summit meeting. The third circle contains aspects which can – at a particular moment – only be *appreciated* by the NGO, such as wider political structures, the macro-economic system, the technological environment and the international dimensions of context. There is no assumption made here that the elements found in the third circle are never open to change by an NGO (or by a movement in which an NGO may take part), but the model expresses the idea that NGOs need to prioritize strategies based on opportunities and constraints if they are to be effective. This final circle can also be understood to include the process and relationships which may need to be 'read' but which cannot easily be predicted (Kaplan 1999). The value of this framework is that it allows an NGO to develop a strategic approach to management in which priorities can be set and resources allocated, while still keeping a watchful eye on the 'big picture' within which the NGO operates. Furthermore, it is a dynamic framework in which NGOs can both seek out opportunities to influence change, as well as react to shifts in wider economic and political processes. For example, an NGO which is normally engaged in service delivery may, based on its reading of the environment, decide at a particular moment – such as after a change of government, the appointment of a new minister or during a period of media publicity relating to a particular issue – that an opportunity to lobby the government over a particular issue should be exploited. NGOs both influence, and are influenced by, their wider environment.

The boundaries around these three areas are neither permanent nor clear-cut, but may be changed from time to time as organizations gain more influence over parts of an environment, such as when the NGO increases lobbying, attracts more funds or enters a coalition. At other times, the environment itself may alter as a result of wider political or economic

processes, which can allow more opportunity for an NGO that is alert to exercise greater influence. The case given in de Graaf's paper is that of newly independent Zimbabwe in 1980, which overnight gave more opportunities for NGOs to work with government, but at the same time tightened the laws and rules concerning the regulation of NGO activities. Dramatic changes of a similar nature took place in 1986 in the Philippines after the fall of Marcos, and in many countries of the former Soviet bloc which have undergone rapid changes in their wider political and economic frameworks.

De Graaf's critique of the common NGO management approach is that organizations concentrate on the factors under their control – such that leaders and managers tend to prioritize deciding and implementing internal plans, personnel, budgets and procedures – at the expense of monitoring and considering the factors which have enormous importance for NGO programmes and activities, but over which they have only the weaker power of influence or the need for appreciation. The success or failure of a development NGO therefore depends largely on its ability to influence its environment and appreciate outside forces correctly, and NGOs are more

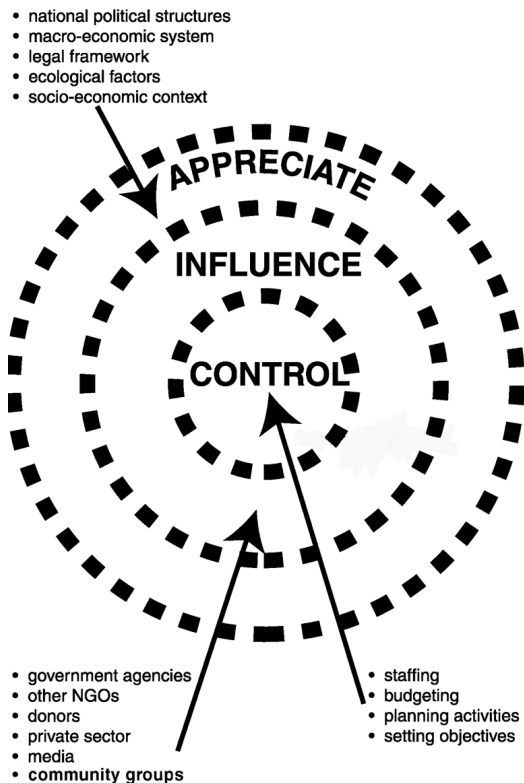


Figure 6.1 A framework for understanding the management of NGOs

Source: adapted from de Graaf 1987

dependent on these external factors than most other organizations. Some NGOs can ignore the outside world and may begin to turn inwards, seeking to bring beneficiaries under their control rather than supporting people's efforts to gain access to wider resources and build greater levels of self-sufficiency and autonomy. De Graaf sees the way forward in terms of a 'strategic management' perspective which can increase NGO awareness of the importance of combining and balancing its control, appreciation and influence of its environment.

For example, an expansion of an NGO's appreciative capacity can be achieved through a better focus on the economic, social, political and cultural contexts which shape the lives of its clients, and this may bring a greater realism to NGO programmes. Linkages with specialized institutions such as universities can prove useful in this regard. The need to improve influence (what Fowler [1997] calls 'leverage') has obvious benefits in terms of reducing an organization's 'romantic isolation', so that it can learn from other lessons and experiences, seeking a new resource base which may lead it to reduce its dependence upon its funders, and improved levels of impact through synergies with other NGOs, with government agencies and selective lobbying. The model of strategic NGO management emphasizes the organization, its environment and its intended product as three inter-related entities:

The essential challenge in NGO management lies in maintaining and exploring the fine balance between recognition and change, between sufficient integration with its environment to be efficient and sufficient distance from it to be effective.

(de Graaf 1987: 297)

The second key element to a discussion of NGO relationships is that of accountability, a relational concept which has been presented as both a potential strength and a source of weakness for NGOs. One widely used definition is:

Accountability is generally interpreted as the means by which individuals and organisations report to a recognised authority (or authorities) and are held responsible for their actions.

(Edwards and Hulme 1995)

It is a source of strength because, as Biggs and Neame (1995) have shown, it is precisely the wide range of relationships and contacts which NGOs maintain and must respond to which allows them to generate a creativity based on multiple perspectives and a balance of different interests. Yet as Hulme and Edwards (1997) also show, the lack of attention paid by NGOs to questions of accountability and the dangers of over-accountability to government or donors at the expense of 'downward' or 'sideways' accountability to clients

and beneficiaries, and other third sector organizations, can also be understood to be the Achilles heel of the NGO movement. Furthermore, the definition of accountability provided in the definition above does not adequately explain the need for NGOs to ensure that they are accountable to the people on whose behalf they are working – the idea of a ‘recognised authority’ suggests only official mechanisms.

As NGOs have grown in scale and scope there has been a growing debate concerning the question of accountability. In a sense this is a fairly straightforward technical question because most NGOs are accountable to some kind of voluntary body (a board of trustees or governors) who derive no financial gain from the organization and have no ostensible financial interest. NGOs which are membership organizations are directly accountable to their members, who elect a governing body. All NGOs are also accountable under the relevant laws of a particular country where they operate, and in theory at least, the state has powers to intervene if they transgress laws relating to accounting, rules of bureaucratic procedure and registration obligations. The reality is rarely so simple for NGOs because they have multiple stakeholders and are accountable in different and complex ways to a variety of different groups and interests. Edwards and Hulme (1995) show that NGOs face demands for two principal types of accountability, the first being functional accountability (short term, such as accounting for resources, resource use and immediate impacts), and the second strategic accountability (accounting for the impacts that NGO actions have more widely and on other organizations). This makes accountability a complex challenge for NGOs. Rochester (1995) has suggested that voluntary organizations in the UK have far more complex problems of accountability than do private sector or public sector agencies, and this observation can be applied to development NGOs more widely.

Leat (1988) outlines three levels of third sector accountability. In the case of ‘full accountability’ there is a right to demand an account from an NGO and then impose a penalty if it is not forthcoming, such as the withdrawal of funding. This type of accountability has become a dominant feature of the NGO world because it has been associated with the growing concerns of funders to ensure that NGOs use resources efficiently and for the purposes agreed. This trend has also drawn criticism, however, because financial accountability of this kind is only one element of the complex ‘bundle’ of accountabilities to which an NGO must respond. A second category is that of ‘explanatory accountability’, which means that an organization needs to respond to a call for account with information and explanation, but the only sanction applicable if this is not forthcoming is one of disapproval. This is the type of accountability which an NGO might face when it seeks to work with local authorities within a loose framework of informal cooperation and coordination. A third type is that of ‘responsive accountability’, where there is no formal sanction at all but which runs instead on trust and good faith. When, for example, an NGO claims to be

accountable to the wishes of a particular section of the community, the truth of such a claim depends on the willingness of the agency to take this into account, rather than on any real ability of the community to exercise effective power over the organization. Accountability is important at the level of the organization because an NGO's legitimacy depends upon it. Without this accountability, for example, Southern NGOs will find it difficult to mobilize funds from within their own societies and reduce dependency on international funding channels, and Northern NGOs will find it hard to win the support of official donors who may wish to fund them. NGO claims to legitimacy are often based on the strength of their accountability to 'the poor', but the reality for many NGOs is that this area of 'responsive accountability', which lacks sanctions or accountability mechanisms, may be the weakest link of all.

There may never be perfectly accountable NGOs or other organizations. Fox (1992), for example, has shown that in many public and private agencies both leaders and subordinates seek generally to avoid accountability. But when accountability falls below a certain level, the likelihood of ineffectiveness or illegitimate actions is likely to increase (Edwards and Hulme 1995). According to Jan Pronk in Hellinger *et al.* (1988), the main danger for NGOs in the future is that of 'corruption', not just narrowly defined in terms of financial scandal, but in broad terms of the drift away from NGOs' mission for social transformation. The wider policy environment of the 'new policy agenda' may have offered considerable opportunities to NGOs, but there may also be the dangers of co-optation and goal deflection.

Accountability, like evaluation (discussed in Chapter 5), is often discussed as something which is imposed upon NGOs from outside, and while this may sometimes be the case, strong accountability is vital for the health of any third sector organization. It is needed for its own sake because, as Edwards and Hulme (1995) point out,

Performing effectively, and accounting transparently, are essential components of responsible practice, on which the legitimacy of development intervention ultimately depends.

Essential to this process is the need for NGOs to manage their 'multiple accountabilities' rather than to have these accountabilities eroded by allowing only one line of accountability – such as to funders – to dominate within the accountability 'bundle'. In the balancing of multiple accountabilities, every NGO faces organizational tensions which require effective management if over- or under-accounting is to be avoided in key areas of NGO relationships.

**Box 10** *Improving accountability and reducing corruption: the Right to Information movement in India*

The potential for NGOs to strengthen accountability between communities and public officials is illustrated by an unusual activist group in the state of Rajasthan in India. A small and well connected activist group known as Mazdoor Kisan Shakti Sangathan (MKSS) has been working to improve the right of access of ordinary citizens to information held by public officials in rural areas. In particular, the organization began to address problems in the public distribution system that prevented government-subsidized essential goods and public works schemes benefiting the people for whom they were intended. By gaining access to some public records through petitioning a small number of sympathetic public officials, MKSS was able to begin to match stated resource allocations with actual sales and distribution, and uncovered levels of fraud ranging from \$2,500 to \$12,500 per village in 'missing' resources. The organization has successfully organized 'public hearings' in which detailed information is read out to villagers and elected government officials are invited to attend and account for any discrepancies. In a few cases, resources have been returned to villagers by shamed officials. More significantly, by involving sympathetic members of the Indian administrative service in exposing corruption in this way, the pressure for state government reforms to provide better access to information in order to improve transparency and accountability in relation to public goods is gaining momentum.

(Source: Jenkins and Goetz 1998)

**NGO relations with communities**

This section looks at the different ways in which NGOs need to manage relationships with people, and takes as its starting point the discussions in Chapter 5 about empowerment and participation, through which NGOs have tried to build sustainable development interventions.

Many NGOs form direct relationships with sections of local communities, as in the case, for example, of an organization which delivers services to a marginalized group of people (such as landless rural women) or one which attempts to build the organizational capacity of a neighbourhood organization. Some NGOs seek a less direct relationship with local communities but attempt to represent their interests in undertaking advocacy work, or attempt to work within broader definitions of the public interest. Other NGOs seek to influence sections of the community, such as those working

for development education in the North. Whichever the approach, most NGOs claim to be accountable to wider communities, and claim legitimacy on the basis of this accountability.

One of the main problems with the concept of community is its impreciseness, and there are those who find the frequency with which community is invoked by NGOs deeply suspicious. In 1978 the Bangladeshi NGO BRAC undertook research on the power structure of local villages, and produced a seminal study published as *The Net*, which exploded the myth that villages were socially cohesive and relatively egalitarian communities. This myth had been embodied in earlier development efforts by the government to organize 'farmers' cooperatives' in rural areas which had quickly become dominated by the rich and which excluded the poor. BRAC found that NGO efforts (including their own) to provide material and organizational resources for low-income households were systematically undermined by local elites who captured these resources and imposed powerful constraints on efforts to bring about changes with the poor. Division and conflict between landowners and landless villagers, men and women and patrons and clients, all added up to a complex working environment which NGOs needed to negotiate with care and with the use of detailed local knowledge. More recently the 'myth of community' has come under attack from feminist scholars and activists who argue that the concept is unhelpful because it masks important areas of difference in gender and power (Guijt and Shah 1998).

In addition to the debates about empowerment and participation which have been evident in relation to NGOs, the recent interest among policy makers in the concept of 'social capital' has some important implications for NGO management. The concept can be related to the efforts of some NGOs to work towards the strengthening of local organizational structures in the form of group building, and to the efforts of sections of the community to organize itself into membership NGOs. Cross-cutting ties based on trust and reciprocity between organized individuals can offer a challenge to the relationships of subordination, exploitation and oppression highlighted in studies such as *The Net*, which illustrated how village-level resources in Bangladesh were appropriated by a powerful local elite (BRAC 1978). As we saw in Chapter 2, social capital is understood differently by different social scientists. In the context of the present discussion, Coleman's view is useful because it refers to changing relationships between people which make possible forms of action:

Just as physical capital is created by changes in materials to form tools that facilitate production, human capital is created by changes in persons that bring about skills and capabilities that make them able to act in new ways ... social capital is less tangible yet, for it exists in the relations between persons. ... For example, a group within which there is extensive trustworthiness and extensive trust is able to accomplish



much more than a comparable group without that trustworthiness and trust.

(Coleman 1988: 19)

Apart from the basic delivery of services, NGO roles in supporting local sustainable development initiatives centre on the attempt to strengthen social capital. For example, traditional rotating credit groups exist in many societies, in which trust makes possible the undertaking of group savings and loan schemes as a form of self-help initiative by small, locally formed membership NGOs (Chhetri 1995). These may in turn be supported by outside NGOs and can be used as the basis for new work, such as income generation or Freirean 'conscientization'. There are many NGOs, such as the Grameen Bank, which seek to build new groups, forms of social capital, which will provide a stable and accountable set of local structures for micro-credit provision and other services.

There is a whole raft of problems which have been raised in connection with the ways in which NGOs have attempted to build relationships at the community level. Carroll (1992) highlights the dangers of overstatement among NGOs and their supporters regarding the scale and extent to which NGOs have managed to build sustainable structures among communities of the poor. In another study from Latin America, Arellano-Lopez and Petras (1994) have argued that in Bolivia, where outside NGOs have linked with local free-standing grassroots groups and movements, NGOs have actually weakened the structures for local action and autonomy by bringing people into conventional donor-funded 'poverty alleviation' activities. A frequent area for criticism is the tendency for NGOs to 'hold onto' groups for too long without withdrawing so that there can be sustainable, autonomous group action (Carroll 1992: 113). Howes (1997) demonstrates the need for NGOs to promote membership organizations which can be self-sustaining after NGO withdrawal, but notes the rareness of this actually taking place. Finally, the 'dark side of social capital' (Putzel 1997) has been documented by those who argue that organized local action is not always a force for 'good', and may reflect precisely the kinds of subordination, narrow self-interest or intolerance that an NGO programme may be seeking to challenge.

### **NGO relations with government**

We have already touched on the importance of managing relationships with government in the discussion of service delivery and advocacy in Chapter 5.

The 'public interest' view of the state which was prevalent in the 1950s and the 1960s, in which it was believed that society has a set of common interests which can be identified and served by the state, has gradually been discredited, as Mackintosh (1992) has argued. The critique on the left has been based on the lack of identifiable common interest in society due to the

fragmentation of interests produced by class, ethnicity, gender and age, and the argument that the state exists to serve the interests of the middle class and the interests of commerce. The neo-liberal critique of the state centres instead on the likelihood of officials to act in their own, rather than common, interests, and the tendency of bureaucratic structures to obstruct rather than facilitate development initiatives. The work of Chambers (1994) advances a reformist view of the state based on the need to 'reverse' the conventional relationships between professionals and clients, age and authority, masculinity and femininity, etc. Chambers' view is one of building the 'enabling' state, such that the government carries out the essential tasks of maintaining peace and the rule of law, basic infrastructure and services, and manages the economy effectively. Generalizations about the nature of states are probably unwise, since most states are not monolithic and, at the present time, may be losing power and influence under the processes of globalization. However, most NGOs realize that their impact will be limited unless they form wider links, with one important option being a link with government.

As de Graaf (1987) has shown in his conceptual framework, the management of relationships with the state is an important element of overall strategy for most NGOs. Although there are cases of NGOs avoiding any kind of relationship at all with the state by 'lying low', or through working with communities in remote localities, Clark's (1991) assertion that NGOs can oppose, complement or reform the state but they cannot ignore it, remains an important insight. As we saw in Chapter 3, some analysts have made the point that NGOs themselves cannot be effectively understood without reference to the governments which they seek to work with or to struggle against, and the very label 'non-governmental organization' may lead us to examine what it is about the state that the NGOs are so keen to disassociate themselves from.

There are therefore major challenges for NGOs in developing strategy in relation to government. Many NGOs have an ambivalent attitude to the state, and those organizations which were formed under conditions of political repression may find it difficult to trust or work with government, even when it has changed. On the other hand, NGOs which have their roots in struggles against repressive states, such as in South Africa or in Palestine, may then find that their roles are less clear once a more accountable, democratic government has been installed. NGOs may indeed be perceived by government as a threat or as competitors. Even when democracy is in place it may be fragile, and government may still be bureaucratic and inefficient, which can make formal contact hazardous for the NGO. If NGOs decide to work together actively with the state, the risk is that they could themselves become less effective (because they may enter into more bureaucratic ties and arrangements) and that the relationships 'downwards' to their community level groups will be damaged.

NGOs adopt several strategies in relation to government. First, they can seek to maintain a low profile by working in the 'spaces' which exist in government provision, sometimes with tacit government acknowledgement or letting government take credit for what is achieved by the NGO. This gap-filling role may bring short-term benefits, as we saw in Chapter 5, particularly when resources are severely limited, but can raise problems of sustainability and accountability in the longer term. Second, NGOs can engage in selective collaboration with certain government agencies, which may be restricted to a particular sector, or may be based on individual relationships between personnel or local level links which may not have formal government backing. This strategy has the merits of pragmatic thinking, but may lead to haphazard inconsistencies in policy and implementation. The final stance which NGOs may take is that of policy advocacy, in which the organization acts as a pressure group in support of the interests of certain groups, or demonstrates alternatives to the government's own approaches along the lines suggested by Najam and discussed earlier.

However, a close relationship with the state can also bring identity problems and organizational tensions within the NGO, if it has grown up with opposition to government as a key plank of strategy. In Chile, Bebbington and Thiele (1993) describe how some NGOs have moved from an opposition stance to the roles of constructive critic and innovator, and they have shown how the contracting relations which emerged between NGOs and the demilitarizing state led NGOs to take on many new staff, some of whom did not share the ideological commitment of the founders or supporters recruited during the years of repression. Even when the state is democratic, social and economic work by NGOs implies criticism of the state's own shortcomings, which can continue to generate tension between government and NGOs.

From the perspective of governments, it has on the whole been political factors in many developing countries which have influenced state attitudes to NGOs, according to Bratton (1989): not the analysis of NGOs' actual or potential social and economic contribution. Indeed, the growth of NGOs can pose a dilemma for the state, since private institutional initiatives can challenge the state's legitimacy if it shows that it is unable to deliver what it has promised to the population, or undermine its power base if discontent is fostered among certain sections of the population. The state is interested in NGOs if it sees the potential for NGOs to broaden development services under an overall guiding hand from government, and of course the government may benefit from resulting public gratitude and approval.

The state also tends to take an interest in NGOs from the perspective of ensuring financial control and accountability, particularly if there are foreign funds being channelled to the NGO sector. As Bratton shows, the state can use at least four different strategies to define their relationships with NGOs: monitoring (keep track of what NGOs are doing and, if necessary, restricting registration of organizations it does not like); coordination

(seeking to spread NGO activities more evenly across geographical areas and sectors in order to avoid duplication); co-optation (in which the state seeks to 'capture' NGOs and steer them away from potentially threatening roles into the kind of work which the government wants); and finally dissolution (in which the state develops mechanisms which give it absolute control over NGOs which gives it the power to delay approval for their activities, limiting their scope or ultimately closing down the NGO if considered necessary). Fowler (1997) also highlights a further strategy which government can use – the creation of quasi-governmental organizations or government-organized NGOs (GONGOs) which take the form of NGOs but are ultimately the tools of government. Overall, Bratton (1989) suggests from his work in Africa,

government–NGO relations are likely to be most constructive where a confident and capable government with populist policies meets an NGO that works to pursue mainstream development programmes ... and most conflictual where a weak and defensive government with a limited power base meets an NGO that seeks to promote community mobilisation.

(Bratton 1989: 585)

Rather than seeing government and NGOs as being in competition, Evans (1996) has instead pointed to the need for building synergies between different kinds of public and private agency. Meanwhile Tandler (1997: 146) observed that successful development in northeast Brazil was based on a three-way dynamic between central, local government and civil society, and noted the movements of key individuals between different sectors such that 'the assumed clear boundary between government and non-government is actually quite blurred'.

## **NGOs and the business sector**

Moving on from state and civil society, this section examines the management of relationships between NGOs and the market. This relationship is far less widely explored in the NGO literature than that with the state, yet it is one which is attracting growing interest. These interests centre on an increasing range of points of contact between NGOs and business. At the most extreme level, there are companies which have set up their own NGOs, just as governments have sometimes created their own GONGOs (Clarke 1998). However, there have always been philanthropic links between business and the third sector in many countries. Examples include the Ford Foundation in the United States, which owes its endowment to the famous motor car company and which now funds a range of third sector activities (among other types of organizations), and the Tata Foundation, which was funded by the large Indian industrialist family. It has also been fairly

common practice to invite representatives from the business sector to serve on the governing bodies of some NGOs, either to lend respectability to the organization or to provide specialized skills to help service the NGO.

Newer types of relationships which are emerging are social action partnerships in which a private company works with an NGO as part of a government initiated multi-agency development programme on a social or environmental issue, or a problem-based alliance in which a partnership develops where a business brings in an NGO with specialized skills, such as the initiation of an ecotourism venture in an area known to the NGO. There are also growing 'service ties' between NGOs and business, in which a company engages an NGO to carry out a certain social function, an example of which is the way in which oil companies in Nigeria have used NGOs to provide water and healthcare services to remote communities living in oilfield areas. Finally, the market has become a potential source of income for NGOs seeking to reduce or eliminate their dependence on foreign donors or the government. For example, NGOs have developed relationships with local businesses in order to gain not just financial resources in the form of donations or sponsorship, but also information and advice as well as donations in kind, such as the use of office furniture or equipment. Some NGOs have formed their own businesses, such as BRAC in Bangladesh, which established a printing press, the profits from which are ploughed back into the NGO. This preserves the status of the organization as a 'not-for-profit' organization, even though a part of the organization is engaged in profit-making activity, and this and other business ventures, along with the service charges administered, has helped to reduce the NGOs' reliance on foreign funding to only about one-third of the overall budget.<sup>1</sup>

Many NGOs have moved significantly towards the private sector in the current trend towards micro-credit programmes, because financial services require both a sound knowledge of banking management practices and a close understanding of local business opportunities in the community.<sup>2</sup> For some analysts who see support to local business as the means for NGOs to address poverty through an engagement with the market, these are taken as very positive developments, and perhaps represent one of the few development 'success stories' of the postwar era. The success of the Grameen Bank has been linked with the emerging concept of the 'social economy', which according to Reifner and Ford (1992) can be defined as 'a market economy in which asocial market forces have been socialized', and has its roots in the work of Karl Polanyi (1957), which analysed the social embeddedness of the economies of pre-industrial societies, and highlighted the norms of social reciprocity and mutual aid which dominated social and economic life and which modern industrial consumer capitalism has weakened. The Grameen Bank and other micro-finance approaches have focused particularly on the power of women as effective borrowers. Dignard and Havet (1995) present a series of case studies to show that the funding of micro- and small-scale enterprises carried out by women has become a popular development

strategy, because these activities can accelerate overall levels of economic activity and can contribute a more equitable distribution of development benefits than male borrowers. At the household level, gendered management and investment strategies often mean that women expand their enterprises to kin networks (i.e. social priorities) rather than growth and profits, by creating 'multiple enterprises' (Downing 1991). For other analysts, such as Dichter (1997), the apparently irresistible drive among NGOs to move into the micro-finance field may be sapping the diversity and the creativity of the sector, by pulling them away from their social origins and values and effectively turning them into private sector organizations.

We turn now to consider two areas of interaction between NGOs and the business world. The first is the growth of campaigning by NGOs to improve accountability and social responsibility among the corporate sector, such as the campaigning work undertaken by UK NGOs and their partners in the South around business, for example child labour (Stichele and Pennertz 1996). Zadek (2000) has analysed the efforts of NGOs to influence the behaviour of corporations through potential damage to their reputations brought about by civil action by NGOs. This 'civil regulation' model has been observed in campaigns against high-profile companies such as Nike, Monsanto, Shell and Nestlé which appear to have made a difference and where a potential 'win/win' situation emerges because staff are more motivated and work harder under a more ethical regime, consumers buy more products and governments provide more 'enabling' services. Zadek is careful to point out that there is little detailed evidence to prove that this civil regulation model is effective in practice. He outlines the twin challenges faced by NGOs to explore strategies for leverage in the short term, and to maintain pressure on governments and global institutions to ensure that business policy frameworks reflect concerns about sustainable development.

The second area of interaction between NGOs and the business sector is the growth of the concept of 'fair trade', which serves the multiple purposes of securing better prices for developing country producers, educating consumers to demand social, economic and environmental business standards, and generating revenue for an NGO from the market (Box 11). Yet fair trade is an ambiguous concept, and this ambiguity creates both opportunities and constraints for NGO management strategies. The concept of ambiguity in organizations explains problems which emerge whenever activities take place on the boundary between the for-profit and non-profit sectors. The concept of ambiguity has long been identified by anthropologists as a source of both creativity and danger. Within organizational theory, the management of ambiguity has also been seen as a key challenge to understanding the challenges faced by organizations in the postmodern world, in contrast to earlier 'rational scientific' theories of management (Peters and Waterman 1982; Morgan 1997). Martin and Meyerson (1988) show how ambiguity can bring both paralysis and innovation within

organizational culture. More recently, the emphasis on the management of shared meanings in current organization theory highlights the need for managers to clarify and project the desired future organizational identity and image in order to guide organizational change (Gioia and Thomas 1996).

*Box 11 International and local private sector support to an NGO in Nepal through 'fair trade'*

In Nepal during the 1990s, a major UK company (the Body Shop) built a trading relationship with a local socially and environmentally aware paper business and a local NGO, funded through profits generated by this 'fair trade' link. The small family-owned enterprise makes hand-made paper for the local market, and like the Body Shop sees itself as a socially aware business with a set of environmental, social and economic objectives. Under the trade link, the size and scale of its operations increased considerably. From a turnover of only a few thousand pounds in the mid-1980s based only on domestic sales, a move into exports through the Body Shop increased turnover to over £250,000 by 1995 and the local market was abandoned. Staff quadrupled in number, working conditions were improved way beyond local standards, and paper production was made environmentally sustainable through the use of innovative recycling, renewable energy and organic dyes. A local community-based NGO (established by managers and friends of the local business) was able to fund itself using the innovative method of taking a share of the trade profits, made possible by the payment of a 10 per cent premium by the Body Shop, over and above the agreed price paid for the paper products. The NGO initially worked on credit and literacy programmes with the local community around the factory, including employees and their families, but later broadened its activities to include other nationally identified priorities such as HIV/AIDS awareness raising and education work. However, rapidly changing consumer tastes in the North had led to falling sales by 1995, creating a funding problem for the NGO and difficulties for the paper company itself. With renewed efforts at diversification, and a late re-entry into the local market, many problems have been solved and the NGO is still active, albeit on a reduced scale. Expectations, which became confused by the ambiguities between 'business' and 'social' objectives, have now been scaled down to a more realistic level on both sides.

*(Source: Lewis 1998a)*

In the non-profit literature – drawing upon the work of the anthropologist Edmund Leach – Billis (1993a) has argued that organizations may exhibit a set of organizational problems created by the existence of an ambiguous zone between the bureaucratic and associational ‘worlds’ which operate through very different sets of rules. For example, the bureaucratic world relies upon hierarchy and role specialization, while the world of associations is characterized by face-to-face, egalitarian relationships and multi-faceted, informal roles. Following from this approach, the idea has also been applied to analysis of the boundaries between sectors (Billis 1993b).

An ambiguous zone exists between the for-profit and the NGO sectors around ‘business’ and ‘development’ objectives, which creates distinctive problems for organizations of both types engaged in fair trade partnerships. This is because fair trade explicitly mixes profit-making with the objective of social or environmental development and change. While profit-making has traditionally been associated with the business sector, these other activities have been associated with the non-governmental or non-profit sectors in which NGOs and other civil society organizations operate. Fair trade may have the potential to generate more sustainable alternatives to conventional development assistance and project-based interventions, but it blurs further the boundaries set out by the three-sector model as organizations within fair trade partnerships are forced to operate beyond the rules of their usual ‘known’ environments.

## **NGOs and international development agencies**

As we saw in Chapter 2, what might be loosely termed the ‘aid industry’ is a set of institutions and organizations concerned with the funding of international development, and includes multilateral agencies such as the World Bank, bilateral donors such as the UK Department for International Development (DFID), Northern NGOs such as Oxfam, and foundations such as Ford (Robinson 1997). NGOs have always been players in development processes, but it is only since the late 1980s that the aid industry has invested NGOs with major significance. This was, as we saw in Chapter 1, due to a variety of factors, including disillusionment with the apparent inefficiency of state-centred development paradigms, and the growing voice of the third sector in parts of the South. However, data on the precise levels of funding going to NGOs are notoriously difficult to come by, because of the large numbers of donors and funding channels involved, and of course the matter is complicated further by the importance of funding from governments and the resources to NGOs provided by public donations and volunteer labour.<sup>3</sup> Figures quoted by van Rooy (1997), based on statistics collected by the Development Assistance Committee (DAC) of the OECD, indicate that more than US\$1 billion of aid globally is now channelled through NGOs, and that while bilateral donors such as Denmark spend less than 0.5 per cent of their overall development assistance on NGOs, other



countries such as the Netherlands and Switzerland spend more than 10 per cent via NGOs. The pace of the increase in official funding of NGOs has been quite dramatic. For example, in the UK, figures presented by ODI (1995) indicate that between 1983–4 and 1993–4 there was an increase of almost 400 per cent to £68.7 million as the total share of British aid going to NGOs rose from 1.4 per cent to 3.6 per cent.

Aside from raising the profile of NGOs, these increases in official funding have impacted on some organizations in a variety of important ways. All non-profit organizations tend to be highly resource-dependent and may require diverse sources of funds for their survival (Bielefeld 1994), and it has been argued convincingly that the 'resource dependency perspective' developed by the influential organizational theorists Pfeffer and Salancik (1978) can be usefully applied to NGOs in seeking explanations for their relationships and activities (Hudock 1995). In some cases, the rapid growth and organizational expansion of NGOs has created structural pressures such as the transition from the associational world of informal face-to-face organizational styles to the bureaucratic world of formal structures and hierarchies, thus creating a new set of administrative problems (Billis and MacKeith 1992). For other NGOs there has been the hazard of what organization theorists term 'goal deflection', as funders have favoured certain approaches such as service provision over earlier empowerment-centred activities (Hashemi and Hassan 1999). Some observers have argued that the rapid increases in official funding for short-term humanitarian emergency funding has deflected some NGOs from longer-term development work (Fowler 1994). An NGO may also become more vulnerable to changing donor fads and fashions (Smillie 1995) or may face decreased legitimacy in the eyes of some of its other stakeholders (Bratton 1989).

At the same time, NGO approaches and concerns are now also beginning to influence official aid policy in a number of ways, which Riddell (in ODI 1995) has termed the 'reverse agenda'. For example, the concept of participatory concerns in general and participatory planning in particular has been taken on board by most donors, and part of the credit for this lies arguably in pressure brought to bear by NGOs. The same is true of the increasing interest in the gender dimensions of development in which the ideas of NGOs played a part. Brown and Covey (1983) show the need for NGOs to deal with the tensions inherent in their external relations, and there is no doubt that NGOs have begun to develop distinctive techniques for managing the donor dimensions of their relationships more effectively. For example, the evolution of the 'donor consortium' idea, in which NGOs receiving funding from a number of different donors (each of whom may have different disbursement methods and reporting criteria), is one such response (Smillie 1988; Wright 1996). In this model an NGO works with the donors to form a group which can standardize procedures and timetables and establish a single point of contact and communication working with donor consortia. Some of the major NGOs such as BRAC in Bangladesh have found this an improved way

to organize relations with donors, although in the case of Sarvodaya in Sri Lanka in the 1980s, a donor consortium led to unnecessary administrative centralization, an increased workload for staff and the loss of the bottom-up culture of participation within the organization (Perera 1997).

Some donors are also now considered to be looking beyond mere funding relationships. According to Bebbington and Riddell (1995), donors can work towards helping to create an enabling environment which would assist the work of NGOs – such as building bridges between non-membership NGOs, membership organizations and wider political structures such as the state and international donors. This strategy too can be hazardous. Schmidt and Zeitinger (1996) argue that donors often still do not know enough about many of the NGOs they support, and that a more genuine partnership is needed, rather than just instinctive trust.

The increasing numbers and scale of NGOs have also highlighted the need for NGOs to coordinate more effectively with each other, which has not proved a straightforward challenge. Carroll (1992) has argued that coordination between NGOs is a key to improving performance, but that in practice ‘competition’ is more common, which brings us back to the subject of resource dependence, since NGOs may wish, due to limited funding sources, to protect their funding source information and to maintain a distinct activity niche which they can then use to maintain access to resources. The attempt to coordinate NGOs may come from NGOs themselves, which is more likely to succeed, or it may be imposed from outside, usually by government or donors. Coordination may take the form of a formal structure, such as the national NGO council which was established and documented in Simukonda’s (1992) case study from Malawi, which was ultimately an unsuccessful venture, or it may be informal in nature, such as the flexible grassroots network in Thailand discussed by Korten (1980), in which NGOs came together around a specific campaign, in this case against a proposed dam project.

One of the main issues in the management of NGO relationships within the ‘aid industry’ is the changing balance of power which is emerging between Northern NGOs and Southern NGOs. Many Northern NGOs have moved in recent years in broad terms from an approach in which they implemented projects themselves in developing country contexts, to one in which most now seek to form ‘partnerships’ with local organizations which they fund and support in other ways, such as ‘capacity building’ support. Overlaid onto this changing scenario is the growth of what is often termed ‘direct funding’ of Southern NGOs by Northern bilateral donors, in place of an earlier funding model in which ‘indirect funding’ took place through Northern NGO intermediaries.

These changes may have profound implications for the Northern NGO community, which has increasingly found itself in the midst of a rapidly changing aid environment and Southern institutional context. For some observers this has been evident in a sharpening of purpose and a productive

new questioning of roles, while others have suggested that there may be a growing 'crisis of identity' among Northern NGOs (Smillie 1994).<sup>4</sup> One recent study has analysed these changing relationships in the context of Swedish NGO assistance in Bangladesh, which has worked to support Bangladeshi NGOs over the years (Lewis and Sobhan 1999). The study compared the effectiveness of the new 'direct' route via the SIDA office in Dhaka with the more familiar 'indirect' route in which SIDA funds Swedish NGOs who then work with Bangladeshi NGO partners. The study found the two routes essentially complementary, since direct funding can cut out the costs of the Northern 'intermediary' NGO and allow a direct dialogue with local leaders and organizations, while indirect funding can maintain a link and a dialogue between the government's aid programme and the Swedish public, and create opportunities for Swedish NGOs to undertake development education work at home informed by their work overseas. However, the research suggested that in general the arguments for direct funding were more compelling as a means for identifying and channelling resources to the most effective and innovative Bangladeshi NGOs. There was some evidence that many Swedish NGOs (particularly those which were from the more conservative missionary backgrounds) tended to be involved in routine, operational, less sustainable NGO activities (such as running clinics and schools) rather than the more challenging activities carried out by some of SIDA's more innovative NGO partners.

### **The rise of the discourse of 'partnership'**

This chapter concludes with a discussion of 'partnership', a key policy concept which is currently deployed in relation to the relations between NGOs and other institutional actors. For example, the 1997 UK White Paper on International Development contained numerous references to building partnerships, between rich and poor countries, between NGOs and governments, between development agencies and the business community, and between Northern and Southern NGOs. Calls for partnership (along with other related terms used around the world such as 'collaboration', 'accompaniment', 'coordination', 'cooperation' and 'complementarity') are now a regular and important part of the development discourse (and policy implementation).

However, inter-agency partnership arrangements in practice are rarely subjected to detailed scrutiny. In many aid-dependent contexts it is common for partnerships involving NGOs to have a *passive* character, often because the idea of partnership has been 'forced' in some way or because agencies have brought themselves into partnerships in order to gain access to external resources. Partnerships are usually formed between unequal development actors. Passive partnerships may not add much value to ongoing activities; nor are they likely to generate the learning which often comes from joint discussion and action. Such 'dependent' partnerships are also likely to be

unsustainable. Many partnerships may begin this way – the challenge is to transform them into something more worthwhile.

Based on research undertaken recently within an inter-agency project in Bangladesh (Lewis 1998b), it is possible to suggest an outline of guidelines which might be used for generating and maintaining creative or ‘active’ partnerships. The process monitoring which was undertaken during the research focused on the differing perceptions and expectations of agency staff engaged in the project. It also attempted to identify what value, if any, partnership had added to the project’s work. Partnership was found to be an evolving process which had both passive and active elements over time and at different levels of the project. In some cases (although not by any means all) partnership linkages had contributed to useful changes of approach within the project, with benefits to the project’s ‘target group’, in this case low-income rural households engaged in small-scale aquaculture.

Table 6.1 presents a set of criteria for identifying and building active partnerships based on the findings of the research. Active partnership is seen here very much in terms of a process. While respective roles between agencies and individuals need to be clearly agreed in advance, project actors also renegotiate and reassess their roles where necessary. Linkages should not be premised on an over-rigid notion of ‘comparative advantage’, such as one which requires NGOs to deliver inputs while government carries out research. Synergies may result in unintended outcomes, some of which may be useful, others not. Partnership also needs to embody the sharing of risks across collaborating agencies and persons, otherwise there is little chance of efficiency, innovation or creativity. Discussion concerning progress needs to be open and honest, with mistakes acknowledged and failures faced up to. The free exchange of information between agencies and individuals in partnership is a prerequisite for learning within the project or programme. Dependent partnership, on the other hand, is characterized by blueprint thinking and a superficial clarity about the purposes of the partnership which may obscure the need to face up to creativity, risk taking and learning. These criteria are set out in Table 6.1, which can be used as a

Table 6.1 Contrasting characteristics of ‘active’ and ‘dependent’ partnerships

<i>Active partnerships</i>	<i>Dependent partnerships</i>
Process	Blueprint, fixed term
Negotiated, changing roles	Rigid roles based on static assumptions about ‘comparative advantage’
Clear purposes, roles and linkages but an openness to change as appropriate	Unclear purposes, roles and linkages
Shared risks	Individual interests
Debate and dissent	Consensus
Learning and information exchange	Poor communication flows
‘Activity-based’ origins – emerging from practice	Resource-based origins – primarily to gain access to funds

checklist or a set of guidelines in the planning of partnership ventures.

It is important therefore for NGOs to see partnership as a process, and its form may need to be constantly re-worked in the light of ongoing experience and there will be many unintended outcomes, some useful, some not. Partnerships are also diverse, varying from sector to sector and country to country, and it may be difficult to 'replicate' successful ones. Partnerships are also highly sensitive to external factors, including economic conditions, political climate, culture and ecology, and may be strongly influenced by support or obstruction from key individuals in positions of power and authority. For example, sudden changes in key government personnel (such as the Director of the government's NGO unit moving to another post) can alter the balance of NGO/government relationships at a stroke in a particular country context.

The process view of partnership therefore helps to increase the likelihood that sustainable inter-agency linkages can be built. Active partnership can only be achieved if agencies define and agree principles of 'appropriate practice'. Active partnerships are one way for NGOs to open up space for themselves so that they can move out of purely instrumental service delivery roles and into the areas of networking, campaigning and policy advocacy and entrepreneurship. They may also be a way in which government can increase its effectiveness through the generation of private/public synergies. However, partnership cannot usefully be viewed in purely instrumental terms. Each specific partnership will require new definition and adaptation and continuous review. Partnerships cannot be replicated in any straightforward way from one setting to another. The first step is to identify the goals of partnership, the second is to design mechanisms for achieving the necessary linkages and communication channels, while the third is to review purposes and progress regularly. Active partnership is only likely to emerge as a result of shared risk, joint commitment and negotiated roles which are linked to a clear set of purposes.

## **Conclusion**

This chapter has discussed the management of the relationships which NGOs need to maintain with people and with other development actors if they are to do effective work. The work of development NGOs depends on the successful management of interactions with communities, government, business and development donors, though the environment in which NGOs operate is an increasingly turbulent and uncertain one. De Graaf's (1987) framework is discussed as a useful way in which to analyse these relationships, which helps illustrate the need for NGOs to balance internal management with the management of relationships in the NGO's wider environment. As Bratton (1990: 115) points out (in the African context, but relevant more widely) there is a need for NGOs

to strengthen their internal management procedures with reference to planning, programming, budgeting and financial control. ... But there is even greater need for NGO managers to concentrate on strategic issues of programme scope and external organisational relations.

The difficult concept of 'partnership', which is the prescribed process through which NGOs are increasingly expected by policy makers to manage these external relationships, has also been critically analysed in this chapter, which identifies the need for 'active' partnership in which NGOs can add value to their work through managing relationships effectively, although there are considerable pressures on NGOs to form partnerships which are dependent. The growing importance of global and local networks in the maintenance of their relationships, and the increasing role and sophistication of information technology, are likely to become increasingly important for the management of activities beyond the formal boundaries of the organization.

# 7 NGOs and the dynamics of internal management

## Introduction

This chapter takes us inside the non-governmental organization and examines the internal management issues which have led some people to argue that NGOs face distinctive challenges which make general management prescriptions difficult. One of the earliest academic discussions of third sector management can be found in a special issue of the US journal *Public Administration Review* published in 1975, which argues that while the writings of Levitt and Etzioni in 1973 usefully identified the roles and relevance of third sector organizations and brought their existence to the attention of policy makers and scholars, they 'reveal little about the internal workings of third sector organizations' (McGill and Wooton 1975: 447).

Despite being more than twenty-five years old, this paper remains a useful introduction to the field of third sector management research. The key management problems which these authors identify for third sector organizations (despite their acknowledged diversity of structures and purposes) are those of 'goal ambiguity' and 'conflicting performance standards', based on an original idea by Frank (1959). In an environment of goal ambiguity and conflicting standards, managers in third sector organizations may develop approaches to decision making which are different to those found in public or private sector organizations, where ambiguous goals lead organizations to define their future in terms of general directions or thrusts and not by formally stated, definable goals. For NGOs, the process of setting goals becomes highly politicized by a range of external stakeholder pressures, leading to a frequent confusion between means and ends. It becomes difficult, therefore, to make use of formal rational management planning tools. It also becomes likely that there will be a wide gap between the formal public statements made by the organization about what it is doing, and the unofficial goals which are being pursued on a day-to-day level by people within the organization, what Charles Perrow (1967) calls the 'official' and the 'operative' goals. Following from this is the observation that the evaluation of performance for third sector organizations

is also more complex because they tend to plan their work on the basis of contingency and incremental learning, which is based on a general sense of 'organizational direction' rather than on clearly defined, achievable goals. They tend to use informal management procedures rather than the clearly defined and relatively stable roles and hierarchies set out in Weber's work on bureaucracy.

The managerial system of the third sector organization in this early model is one which was evolving a 'process' approach towards management, which acknowledges the importance of 'open systems', due to the need to respond to contingencies, in contrast to the goal-oriented, task-specific procedures which lend themselves to techniques such as 'management by objectives' in the private sector. Instead

many third sector organisations attempt to create a highly flexible management system built around temporary project groups, collegial management, etc. The widespread use of organisation development, particularly the action research model of OD, are examples of this trend and are very popular in the third sector.

(McGill and Wooton 1975: 451)

In this model, there is a constant threat to the legitimacy of the third sector organization because the goals of the organization may be constantly under challenge from within and from outside in the organization's environment, and because the very existence of the organization is called into question regularly through unstable funding conditions and through the possibility that the need which the organization is trying to meet can change. The people who work in third sector organizations, according to McGill and Wooton, may also have some distinctive characteristics. In contrast to the Weberian model of the functional executive who works towards the completion of hierarchically devolved, goal-specific tasks, the third sector manager is

a facilitator, an information gatherer, a person who thrives on giving and receiving feedback. This type of executive operates effectively in unstructured environments where policy making and implementation are constantly linked in a decentralised organisation. A key theme for the existential executive is enabling others throughout the organisation to exercise a high degree of choice and responsiveness.

(McGill and Wooton 1975: 452)

The authors acknowledge in this early paper that they have drawn an over-rigid distinction between third sector management and management in the private and public sectors in order to highlight the emerging arena of third sector management more clearly. They suggest that third sector management is influencing other areas of management more widely, where



organizations in the other sectors are beginning to take on some of the characteristics of the third sector management approach.

In the UK third sector, organizations have tended to display a rather ambiguous attitude to the idea of management, as we saw in Chapter 1. Organizations in the UK which had their roots in radical activism in the 1960s and 1970s were prone to see the whole idea of 'management' as linked essentially to capitalist, and therefore undesirable, ideologies, and preferred to use the term 'coordination' as one more suitable to describe what went on within their organizations. Landry *et al.* (1992: 23) point out in their 'analysis of radical failure' that this was a wholly inadequate response, given the challenges such organizations set out to undertake and the growing weight of expectations raised about the possibilities for change, and that it was like 'concentrating on swabbing the decks of the Titanic while failing to look out for ice-bergs'. Dartington (1992: 30–1) makes the point that third sector organizations have tended to build management skills on a rather *ad hoc* basis as and when they were needed. They shunned the formal management training and techniques found elsewhere, and instead developed their management skills through 'the experience of doing and through peer support'. This generated a set of strongly expressive (rather than instrumental) management priorities, which focused on mission rather than objectives and on roles rather than job descriptions. Now that there has been a change in attitude among many third sector organizations, and 'management' is no longer a dirty word, the question then arises as to what *kind* of management skills are required and from where these might be drawn. Now that third sector organizations are happy to work with 'professional managers', there may be a danger that

some professional management, with its emphasis on management by objectives rather than mission, on job descriptions rather than roles, on financial sophistication rather than political will, could lead to the development of static and uncreative organisations, which cannot sustain the creative tension between entrepreneurship and corporatism.

(Dartington 1992:31)

Hailey and Smillie (2000) describe how management fads and fashions from the business world have impacted upon the third sector at regular intervals during recent decades, with Management By Objectives (MBO) in the 1970s, Total Quality Management (TQM) in the 1980s and Results-Based Management in the 1990s, often in the case of development NGOs via their donors who had learned about these new ideas from the business sector. There is an irony here because at the same time as NGOs are looking to 'management' ideas and seeking to formalize the diffuse and complex spirit of voluntary action, the private sector is rediscovering the positive values of 'amateurism', the value of participatory management and leadership, the importance of 'flatter' organizational structures and the need

for organizational learning systems. For example, in a recent text on global management, Parker writes of the decline of the top-down management style and of the over-riding importance of the top level manager in the private sector:

In a rapidly changing global world where flexibility is a critical variable, resources are less than abundant, and learning and thinking at all levels have become important, lower level employees also have become involved in all aspects of organisational change and development.

(Parker 1998: 146)

From the vantage point of the present, the prediction made by McGill and Wooton (1975) that third sector management issues and concerns could point the way to new directions for mainstream management can now be seen to be coming true, in the sense that the most up-to-date management thinking now stresses many of the characteristics associated with the ideal type of third sector management – open systems thinking, flexibility, reduced hierarchy and decentralized structures. The interesting question, perhaps, is the fact that while many businesses are now practising aspects of a participatory management approach, there are still many NGOs which remain stuck in outmoded or inappropriate models, half-borrowed from the business sector of old, or haphazardly evolved ‘on the hoof’ within a rapidly changing environment. For example, strategic planning is still regarded by many US third sector organizations as an example of ‘best practice’ despite the ‘waning confidence’ of business theorists in the approach (Mulhare 1999).<sup>1</sup>

### **Third sector management research**

Today there is a rich field of research on third sector management, particularly in the United States. While much of the early interest in the 1970s came from public administration researchers (the concepts of capacity building, participation and empowerment which have formed part of the language of NGOs all have their origins in the field of public administration), in the 1980s and 1990s business management writers also gradually began to contribute to the growing discussion of third sector management. Charles Handy, for example, who has written extensively on the business world, published a book on voluntary organizations in 1988 and has been described by Davis Smith (1996: 186) as ‘the management guru of the voluntary sector’. It was the US business guru Peter Drucker (1990) who argued that third sector organizations lack a clear bottom line and therefore face distinctively complex management challenges. Hudson (1995) develops this idea in his argument that third sector organizations differ from organizations in the public and private sectors because there is no clear link between the providers of funds and the users of the services. In the private

sector, customers pay for goods and services at a market price, and if the organization fails to provide these at the 'right' quality and price, either the organization improves its performance or goes out of business. In the public sector, if people within a democratic political system are not receiving an acceptable level or quality of services then they can, at least in theory, vote officials out of office. For third sector organizations, this lack of clear accountability through markets or political process creates an unusually complex set of management challenges and problems.

Handy (1988) argues that the important difference is that third sector organizations are 'value-driven' organizations, and this poses distinctive management challenges, because people work in these voluntary organizations from a variety of public and private motives – such as altruism, an escape from dominant ideologies, increasing public status from being on an NGO board, or simply for experience, friendship and to add something new to their CVs. How does one manage such multiple interests and objectives? The emphasis on values is, however, criticized by researchers such as Paton (1999), who argues that there is a new voluntary sector variant of 'managerialism' evolving. This is based on the idea of the centrality of third sector values, which can lead to management 'solutions' based on static or rigid notions of values instead of the evolving, often conflictual processes of value-based action within the third sector. Talk of values, Paton points out, can sometimes mask the realities of confusion and rhetoric in many third sector organizations. Furthermore, there is now considerable emphasis on the building of shared values within corporations as a precondition for successful business enterprise (Parker 1998: 206). Perhaps the key point is not the importance of values in third sector management, but the nature of those values. Clashes over different values are common in the NGO sector, for example, between NGOs which come from a Christian missionary tradition and take a 'charity' approach to tackling problems of poverty, and those which are motivated by the political ideas of Paulo Freire and seek the mobilization of the poor.

Hudson (1995) outlines the common problems for third sector organizations as the tendency for vague organizational objectives, the difficulties of monitoring performance effectively, the need to balance multiple accountabilities of a range of stakeholders inside and outside the organization, the resulting evolution of intricate management structures designed to do this, the centrality of the difficult concept of 'voluntarism' to many third sector organizations, and the need to maintain organizational 'values' over time in addition to demonstrating effective actions. In a recent essay, Anheier (2000) argues that Drucker is not actually correct in suggesting that there is no bottom line for third sector organizations, and suggests instead that the problem is that there are too many bottom lines. This reflects the complex pattern of stakeholders in each organization, and, coupled with the high level of diversity of structure and purpose, gives rise to the distinctive complexity of third sector management. This view moves much closer to a

view of third sector management as a process of choice and balance which takes place around a particularly complex set of themes, which cannot usefully rely on the simple importation of 'one size fits all' business models.

There has also been work on third sector management which has tried to develop new concepts and models based on an ongoing research programme undertaken with third sector organizations. Billis (1993a) developed a model of third sector organization based on work on service delivery organizations in the British voluntary sector, in which he analysed the roots of organizational problems within a framework of change from loose 'associational' structures and single purposes which frequently shift over time, driven by the logic of organizational growth and change and pressures from the wider policy environment, towards more hierarchical 'bureaucratic' structures and changing purposes. The essence of Billis' 'worlds theory' is that one common source of management problems for third sector organizations lay in the difficult and ambiguous positioning of many organizations on the boundaries between the associational and the bureaucratic worlds. For example, having begun as a small-scale organization providing a service to its members, organized around face-to-face relationships and relying mainly on volunteers, an organization may become a victim of its own success and grow beyond the point where informal structures are sufficient into one which requires more formal bureaucratic structures, such as the introduction of paid staff. The danger is that the new formalized organization may lose touch with its earlier values and goals. Unless growth and change take place with a proper sense of awareness and accountability, Billis argues, there will be profound tensions between the different parts of the organization, such as between volunteers and paid staff, people with formal job descriptions and those without, and between the head of the organization and other stakeholders such as the governing body. Change is neither inevitable nor necessarily bad, argues Billis, but the organizational consequences of 'sliding into change' will cause management problems which will be highly significant in terms of accountability and effectiveness.

Third sector management research has generated a wide-ranging subject matter relating to internal organizational issues, as is apparent from the collection of papers edited by Billis and Harris (1996) on the field in the UK, which explores a wide range of increasingly familiar themes, such as the confusion which arises over roles and internal structures in the form of 'fragmented accountability', tensions between organizational aims and structures, and issues of governance such as the relationships between headquarters and local organizations and between staff and management committees.

The subject of leadership in the third sector is one such area of research, a concept which has at times fallen from fashion in the wider management literature, and which has sometimes simply been used interchangeably with that of 'management'. Kay (1996) suggests that interpretative approaches have begun again to favour a definition of leadership

as a multi-dimensional process of social interaction, creating and sustaining acceptable meanings of issues, events and actions. Leaders are conceptualised as those who have involvement and influence in this leadership process.

(Kay 1996: 131)

In this way, leadership is seen as a process of sense-making rather than as a measurable aspect of individual human behaviour, and one which is characterized by the creation and sustaining of acceptable meanings of issues and actions rather than simply as the responsibility of a particular individual in a formal leadership position. In Kay's research it was found that in the UK third sector the role of chief executive was an important one in shaping such processes, but that there was activity throughout the organization which also played a part. The pattern of leadership which was identified was therefore seen in terms of an essentially participatory ideal rather than the 'heroic leader' model:

It is therefore seen as important that all staff and volunteer members at all levels of voluntary organisations, *and* service users, need to be enabled to exercise leadership and to develop the skills to participate in this process.

(Kay 1996: 145)

However, it is not always clear in the study how frequently this form of leadership is found among third sector organizations in the UK, where there is also anecdotal evidence that the problem of over-dominant 'charismatic' leaders is also to be observed.

Harris' (1996) work on governing bodies in the UK has drawn upon her own research as well as literature from the US to consider the ways in which these structures are supposed to function in theory, and then to compare these 'assumed' roles with the realities encountered in the messy world of real organizations. In the UK 'charity' world there are, she argues, five main functions which are usually claimed for the board, in the organization's own public statements or which are required by the law:

- (i) to act as the point of final accountability for the organization, such that it is answerable for the organization's conduct to government, clients and regulatory bodies, and responsible for the action of the agency's staff and its use of resources;
- (ii) to act as the employer of the third sector organization's staff, whether paid or voluntary, such that it takes the final decision on such issues as appointments, promotion and disciplinary action (even though these may be handled by paid staff on a day-to-day basis within the organization);

- (iii) to formulate and develop the organization's policy in terms of its overall mission and purposes, and to set priorities and plan monitoring activities;
- (iv) to take responsibility for ensuring the availability of resources, from financial to the more material needs of office space, vehicles and personnel, and in this sense the governing body is ultimately responsible for the organization's continuation and survival;
- (v) to mediate between the organization and its environment, representing the organization to outside actors and bringing information and ideas back into the organization from the outside world.

What is apparent from Harris' research is that there is a gulf between the assumed and the manifest functions of the governing body. There are several reasons for this, one of them being a simple ignorance among agency governing bodies that they have been allocated certain duties, and instead seeing the executive director of the agency as being in charge, in the way that the chief executive officer of a commercial business organization operates. Another reason for this lack of awareness may be that unless there is a crisis of some kind, the day-to-day management of a reasonably stable and successful organization will be taken care of by its professional paid staff without much involvement by the governing body. The gap between theory and practice may also result from the relationship which evolves between the governing body and the paid staff, which is vulnerable to tensions and communication difficulties unless both sides are committed to making the relationship work. Finally, the structure of service-providing organizations offers a third area of explanation, and Harris outlines an 'entrepreneurial model', common among newer agencies in Britain, in which the power of the governing body is curtailed by the existence of energetic staff and guardians (the people who have set up the organization and care about its future) who take care of many of the prescribed functions of the governing body and leave it without a clear role or purpose.

The people who make up the governing body of a third sector organization are usually volunteers, and even if the organization does not make use of volunteer staff, these people may constitute the 'voluntary' element of a third sector organization which gives it its distinctive character (Salamon and Anheier 1992). However, many third sector organizations do involve volunteers at other levels, and this is another distinctive area of management which has received considerable attention in the research literature. Davis Smith (1996) has analysed the trend towards formalizing the activities of volunteers within agencies, and the overtones of 'managerialism' which threaten the complex bundle of motivations which make up the volunteer 'ethos' in the UK. Since the 1960s there has been a questioning of the idea that volunteers can be left to themselves in third sector organizations as well-meaning amateurs if their work has important social consequences, and a gradual move towards professionalization can be detected, a combination

of pressure from government and from inside many third sector organizations, where both paid staff and volunteers themselves have urged greater levels of professional support. This has led to the managerialist view that volunteers should be treated as 'unpaid professionals' with parity with paid staff in every other respect, a trend which has met with considerable resistance in some quarters of the third sector. It has been argued that – and this takes us back to the ambiguous position of the third sector agency in Billis' (1993a) model, where both personal informality and bureaucratic systems may co-exist within a single agency – that such changes are out of step with the essentially heterogeneous motivations and needs of volunteers in which formal training and job descriptions only appeal to one section of the volunteer community. Instead, Davis Smith makes the case that many third sector organizations will therefore require a management style which is closer to the enabling model than the controlling one (see Chapter 2):

For some this will mean the workplace model of individual job descriptions and the like; for others it will mean a much more informal and flexible approach.

(Davis Smith 1996: 198)

The growth of third sector management, despite its focus on Northern contexts, has profound implications for understanding NGO management, because it represents a starting body of knowledge which can be approached, adapted or rejected when considering organizations concerned with development work in different cultures and contexts. There is very little, for example, which has been written on governance or staffing within development NGOs, particularly in the South, yet these are subjects explored in comparative detail in relation to the Northern third sectors.

While discussions about NGO management have generally been relatively slow to take shape, there have been lively debates taking place in some of the wider third sectors of the North. In a recent book which examines current trends in non-profit management reform in the United States (Light 2000), it is possible to gain insights which may also have relevance for development NGOs. Light's work is based on large-scale surveys of non-profit organizations in nineteen states, and identifies a set of pressures on organizations to reform their management practices, which include pressure from funders and clients, higher levels of public scrutiny arising from legitimacy problems generated by recent public scandals, the growth of specialized consultants and advisers to the sector, and the growth of increasingly similar, professionalized non-profit organizations seeking uniqueness in a competitive marketplace. Light goes on to identify four 'tides of reform', each of which is based on different assumptions about non-profit organizations and their roles, and each of which has distinctive strengths and weaknesses:

- (a) *Scientific management* This model seeks to establish a set of core best practices which all organizations should follow, based on developing standards and codes of conduct. Taking its cue from the 'patron saint' of scientific management F. W. Taylor, the approach requires organizations to work towards improving their internal systems and structures over time, but it can be costly to implement and runs the risk of placing emphasis on relatively unimportant elements of organizational performance.
- (b) *Liberation management* Rather than focusing on the rules, systems and structures of organizations, this approach argues that an assessment of outcomes (in relation to an organization's mission statement) should be the ultimate indicator of non-profit effectiveness. The model stresses employee empowerment, deregulation and entrepreneurialism, but runs the risk that an organization might lose internal discipline or lose sight of its original target group.
- (c) *War on waste* This model draws on ideas from the corporate sector to improve efficiency through mergers, strategic alliances and shared administrative costs. Placing an emphasis on re-engineering and downsizing, the main assumption is that by reorganizing the non-profit organization, gains in efficiency can be achieved. The strengths of the approach lie in its ability to reduce duplication and allocate funds more efficiently, but the danger is that an emphasis on uniformity will lead to a reduction in the diversity of the non-profit sector, and that it may impact negatively on staff morale within organizations.
- (d) *Watchful eye* This approach stresses the need for public scrutiny of non-profit organizations in order to promote management discipline. Focusing on the concept of transparency, it assumes that the availability of financial and performance information will create competition and reduce inefficiency, and while its openness is a key strength, there are fears that the model is also open to manipulation and the use of inaccurate information to maintain a good public image.

All four 'tides of reform' were found to be currently active in the United States, but there is little consensus emerging as to which model is closest to the ideal. The study, however, suggests that some trends are apparent, with 'scientific management' seen as suitable for small emergent non-profits seeking to improve their capacity, while larger established organizations have been drawn into the 'watchful eye' model as the government increases financial reporting regulations. While the 'liberation management' idea has been found attractive to many organizations, it has generated debates about the practice of effective evaluation and the definitions of 'success' among different stakeholders. While (a) and (b) are based on the assumption that the organization can undertake reforms from within and regulate itself, (c) and (d) instead place an emphasis on the need for outside pressure. The study concludes that what is needed is for organizations to set their own



priorities and avoid being drawn either by management reform fashions or by simply importing practices from the government or business sectors, and instead to build capacity to improve their performance.

However, this third sector literature does have certain weaknesses, such as the context-specific assumptions which inform the research approaches of some of its exponents. For example, many Southern NGOs see themselves in professionalized terms and do not identify with the ethos of 'voluntarism', while the governing body model, though common in many countries, is not universal, and it is possible to find NGOs which do not operate in this way (Fowler 1997, for example, outlines a non-governing body structure common in Latin America). Hailey and Smillie (2000) argue from their study of South Asian NGOs that the much-observed tensions between staff and board in the third sector literature is actually quite rare in Southern NGOs, simply because 'many NGO boards act more as rubber-stamp cheering sections than as the policy formulation bodies so beloved of nonprofit management literature'. Third sector research is also strongly focused on service delivery organizations, and engages far less with organizations concerned with advocacy and social change. As we have seen, development NGOs are a diverse group and NGO management needs to go much further than this in examining the full range of NGO organizational forms and development approaches.

### **Internal management**

Although there is a considerable literature written by academic researchers and reflective practitioners on NGOs and development, there is little work which examines what actually goes on inside these organizations. There was some interest in NGO management during the mid-1980s, with the formation of the NGO management network by the International Council for Voluntary Agencies (ICVA) which set in motion a fascinating debate (summarized in Chapter 1) about how to generate a discussion about management within the NGO world. Many of the writers referred to in this volume, such as Campbell and Fowler, were key participants in this discussion, which was concerned with advocating that NGOs take management concerns more seriously. In the pages of the *NGO Management Newsletter* (which ran from 1986 to 1992) NGO analysts and practitioners began sketching out the possible terrain of NGO management.

One of the earliest studies from this period was that of Stark Biddle (1984), who gathered data from more than one hundred senior staff of US international development NGOs through interviews and questionnaires, in order to outline their specific management needs. He identifies a series of important factors which influence NGO management, which include the general public lack of interest in the North in issues of development and consequently low and unpredictable levels of funding for US NGOs; the tendency for dependence on government funding to develop; the lack of

leadership capacity in the NGO sector due in part to problems of over-dominant, charismatic NGO leaders; and the issue of communication problems due to the geographical separation of headquarters and field offices. The resultant pattern of distinctive NGO management problems are identified as weak approaches to financial and institutional planning, poor fund-raising management, problems in the governance relations and the functioning of boards, and the management of human resources within NGOs. Stark Biddle found that most of these NGOs saw themselves as 'different' from other kinds of organization, since they placed a high priority on being flexible and idealistic, rather than highly organized and hierarchical.

The difficulties of maintaining a level of flexibility during processes of growth and change are a recurring concern. There has been some work on the issue of bureaucratization and NGOs, however. Max Weber's analysis of bureaucracy linked both the organizational and the political within one frame of reference, and connected bureaucracy with politics and society. Most discussions of bureaucracy start with Weber. On the one hand, it has negative connotations of red tape, slowness and corruption, while on the other it is the foundation stone of administrative practice – precision, speed and impartiality can all be optimized in the Weberian 'ideal type'. Narayana (1992: 135) writes about the bureaucratization of NGOs in India and finds that though many NGOs have not taken on 'bureaucratic' characteristics, some are becoming increasingly bureaucratic in terms of 'structure, process and behaviour'. For example, in the Indian context some older 'Gandhian' NGO leaders are being replaced by new professionals who may be more interested in maximizing resources and economic incentive systems. This process of bureaucratization is of course being conditioned by external factors such as sources of funding and government control bodies. These demands all produce pressures which can lead NGOs to formulate and adhere to bureaucratic procedures such that there was a general observed tendency for 'NGOs to adjust to their complex environment by becoming increasingly bureaucratic'.

After the ICVA activity, less was written on the subject of NGO management for a time until the late 1990s, when two major books on this theme emerged, one by Alan Fowler (1997), who pulled together many of his previous writings into a vast, detailed text, and Naoki Suzuki (1997), whose work with a Japanese NGO in Africa had promoted a major research study which he later wrote up. Both books therefore merit summary and discussion in some detail. Fowler (1997) begins by defining the aims of NGOs as reducing poverty and increasing social justice, which requires a management style which prioritizes 'humility, leverage and deflection'. This style reflects the fact that most NGOs are restricted to working on a relatively small scale, but may create a wider impact by seeking to redirect development aid policies towards a greater poverty focus, and by attempting

to strengthen the position of poor people within markets by promoting fair trade or lobbying for reforms of international trade regulations.

Fowler goes on to outline what he terms the 'capacities approach' to understanding NGO management issues. This approach has five dimensions. The first is the organizational 'set up' in which an NGO needs to link vision, mission and role clearly and use strategic planning to turn strategy into programmes. He suggests that an emphasis on reflection and learning is necessary for effectiveness, and discusses the importance of linking micro- and macro-level activity for maximum impact. Within the organization Fowler argues that effective management requires a combination of the 'participatory' and the 'instrumental' dimensions of management, pointing out that

decision-making must be consultative enough for shared ownership of the outcomes and directive enough to be timely.

(Fowler 1997: 61)

The second set of issues relates to the improvement of leadership and human resources. Here, he discusses the need for the organization culture of the NGO to reflect its values and approach, and the fact that the organization will reflect the wider gender balance of power. The problem of leadership and succession is discussed and there is a useful section on the use of expatriate staff. Moving on to the third set of issues, Fowler discusses the importance to an NGDO of managing external relationships with 'primary stakeholders' (i.e. beneficiaries or clients) and with other NGOs. The concept of 'authentic partnership' is outlined in relation to changing relations between Northern and Southern NGOs in which the latter struggle towards freeing themselves from an unequal donor-recipient relationship in favour of broader working coalitions. Finally, the task of influencing government is discussed, with the need for NGDOs to provide distinctive development inputs which avoid duplicating government efforts. The fourth area of NGO capacities concerns the mobilization of funds, which Fowler insists should be of sufficient 'quality' to allow the NGO to pursue its work properly. The author distinguishes 'hot' from 'cold' money (in terms of its conditionality levels) and reviews three sources of funding in the form of gifts, taxes and market-based transactions, and points out that sustainable development is neither cheap nor quick. The fifth and final set of capacities involves 'managing through achievement'. This section discusses the problems of the complexity of the development task, the blunt tools available for the measurement of success, and the dominant NGO culture of action over reflection which often inhibits organizational learning.

Box 12 *Contrasting organizational characteristics of two NGOs in South Asia*

In a recent evaluation study, Edwards (1999a) contrasts the organizational characteristics of two NGOs in South Asia. The first organization, which was the more successful, had 'inspirational but not overbearing' leadership, which was respected both by staff within the organization and by members of the disadvantaged communities within which the NGO was active. However, a shared organizational culture had been built up through long-term education and dialogue about the causes of poverty and the appropriate response to it, which created a high level of commitment, selflessness and 'a determination to hand over power at every opportunity' during the course of the NGO's development work. This had the result that local community groups, rather than the NGO itself, were gradually strengthened through the NGO's work. By contrast, another NGO which was judged less successful in the study, was characterized by a strong director whose personal influence shaped the work undertaken to the detriment of middle-level and junior staff further down the hierarchy, who found themselves with very little opportunity to influence decisions or events. For example, a new credit scheme was introduced from the top without consultation, despite the fact that local staff had learned from their own informal efforts that such a design could not work properly. Consultation at the country office level took place not with country staff, but with the headquarters in London, which led not only to missed opportunities for learning, but also to extremely high overheads. Important preconditions for success such as risk-taking, communication and initiative were all discouraged by this excessive centralization and bureaucracy.

(Source: Edwards 1999a)

Fowler favours moving from an emphasis on measurement of development impact towards one of 'interpretation', mainly through working with different 'stakeholders' and incorporating their feedback and perspectives on progress, rather than seeking to develop quantitative evaluation tools. This allows an NGO to build its legitimacy through achievement and accountability. The final parts of the book are concerned with improving NGDO effectiveness by developing the five capacities through both 'organizational development' as well as strengthening wider 'civil society', a process which Fowler distinguishes as 'institutional development'. He is careful to characterize this as a process, not a means or an end. Ending the book with a set of future choices for NGOs, Fowler mixes a clear sympathy with NGOs

with a sense of realism about the future. He sees the priority as creating NGO distinctiveness (building people's capacities rather than providing global welfare, linking with wider social movements) as well as learning from practice in order to gain leverage on aid, states and markets. The author suggests that NGO leaders need to think carefully about the future, because they need to improve their effectiveness and reduce their dependence upon foreign aid, which is in decline:

It seems to me that this is a moment in NGDO history when leaders have to [be] ... motivators charting future directions for development and then mobilising followers ... the ball is in the court of NGDO leaders and followers to generate a vision of the future they want *beyond aid*.

(Fowler 1997: 234)

Despite the vast amount of ground covered, there are some limitations to this approach. The first is in the narrowness of the NGO definition used by the author. The idea of 'non-governmental development organizations' is slanted firmly towards organizations promoting social change, and Fowler is somewhat dismissive of NGOs which deliver services or provide 'welfare' (223), which as we saw in Chapter 6 is a key NGO activity. In practice, the boundaries between service delivery and advocacy can be blurred, and the tone of the book is rather prescriptive in the way that it makes judgements about certain kinds of NGOs. The second is that NGOs are characterized throughout the book as being part of the 'aid industry', but there are many kinds of organizations – such as small-scale campaigning groups or self-help community organizations – which play a developmental role and which form part of the broader NGO sector. If the author is right about the imminent future decline of international development assistance, then perhaps it is to the non-dependent parts of the third sector that we must look for a more sustainable contribution to social development.

Suzuki's (1997) book is very different and takes as its focus the world of Northern development NGOs, and concentrates on the internal management questions rather than on programmatic issues for NGOs. Suzuki argues that these NGOs are characterized by a series of organizational tensions which generate a set of specific management dilemmas. He locates the key dimension of NGO management in terms of a struggle between headquarters and field offices, in which the different roles and activities of the two create a basic tension: the headquarters office tends to be physically distant and concerned with fundraising efforts, while the local office is concerned with relationships with the local community and the implementation of poverty reduction programmes. This study is based on detailed interviews with NGO staff, and one of its strengths is the ability to examine NGO management through the stories told by staff themselves. Three sets of tensions are revealed within NGOs. The first is between 'organizational

maintenance and project implementation', in the sense that NGOs which are funded by donors must always prioritize the provision of reports and information to these donors, but at the same time the organization must maintain a focus on the implementation of projects and the maintenance of effective relationships with the beneficiaries. The second is the tension between 'diversity and similarity', in which staff within the same organization must undertake potentially contradictory tasks while still seeking to work together to achieve common goals. The third tension which is highlighted is that 'between flexibility and consistency', such that on the one hand donors may impose a set of systematic rules and regulations about performance and accountability, but for the field office the local realities of development work are inevitably 'messy' and difficult to build systems around. Both Fowler (1997) and Suzuki (1997) advance understanding of the field of NGO management in important ways, but both also present a selective view of what is a very large subject. Fowler balances internal and external aspects of NGO management and links it very strongly with the aid industry, while Suzuki examines specific problems for international NGOs working across space and culture.

One of the problems apparent within the NGO literature (but one which both the above authors largely avoid) is that there is in general very little effort made to link the concerns of the third sector literature and the NGO literature around organization and management issues, a point explored by the various papers in Lewis (1999a). While there is a lively discussion around a variety of management themes in the third sector literature, there is very little of this in the NGO literature, which has focused more strongly on the external aspects of NGO relationships and action.

A common area of internal NGO weakness is that of governance structure and process, which is rarely discussed in the NGO literature. One exception is a useful paper by Tandon (1995) on NGO board relationships in India. A key reason for the importance of this theme is the current emphasis on social capital, which suggests that internal democracy within the associations of civil society (of which development NGOs are an important part) is a precondition for democratic politics and prosperous communities in the wider sense. Fulfilling these roles and providing informal structures and relationships necessary for democracy to flourish increasingly falls on the shoulders of non-profit boards. Tandon argues that in the West, at its best board membership is seen as a means of civil engagement, such that it can strengthen the networks of trust and collaboration which can contribute to healthy communities and democratic process. Well organized boards have the potential to cut across class, race and gender lines, with members bringing their own skills as well as the perspectives of the communities which they serve.

Tandon (1995) sees these questions as relevant to many South Asian NGOs legally registered (under the colonial legislation which is still in use) as societies and trusts, which dictates that there should be an executive

council and committee or governing board, a chief executive officer (CEO) such as a secretary, president, director or coordinator. In his study Tandon identifies a range of strategies pursued in South Asia, which he calls 'board games'. For example, in the case of 'family boards' NGO boards may operate like a small family business based on kinship, informality and trust, which provides a supportive structure in the early stages of an NGO but which over time leads to patriarchal governance structures and few entrances for new staff. In the case of 'invisible boards', there is a small group of family and friends brought together by the founder from time to time simply as a 'rubber stamp' in order to meet the legal requirements of NGO registration, with the result that governance and management are clearly separated. Also common is the 'staff board', in which the NGO's staff also act as the board. While this can be effective in the short term, the lack of separation of the governance function from the demands of day-to-day management can prove an inadequate system for dealing rationally with senior staff conflicts, and rarely allows for fresh perspectives to enter the organization. Finally, for 'professional boards', in which competent people are brought together formally (and sometimes remunerated), it may be difficult to generate a shared vision and a sustained commitment.

Each of these NGO boards, while displaying certain strengths, nevertheless contains important weaknesses which limit the organizational capacity of the NGO in important ways. The importance of the charismatic founder-leader (a reality which is somewhat different to the leadership picture painted by Kay [1996] above) in shaping the vision and perspective of the NGO tends to limit the autonomy of the board such that the leader builds up 'sweat equity' by continually providing the bulk of the ideas and energy. As the NGO moves through its life cycle from the early days of defining its vision and mission and building its programmes (during which time the dominant leader model can prove effective) towards a second period of growth and expansion, the board is needed more and more but performs less and less well. For NGOs which are 'internationalizing', there are a further set of distinctive organizational issues (Box 13).

Box 13 *Issues in the 'internationalization' of NGO management*

The growth of international NGOs (as distinct from Northern and Southern NGOs) is an increasingly important trend, existing alongside the world of intergovernmental organizations such as the UN agencies. There are two main trends: there are INGOs which began in one country but which have expanded to new ones in a process of 'going international' (such as ActionAid); and there are new transnational NGOs specifically formed with representatives from more than one country (such as Civicus). This brings a distinctive set of organizational problems, and two structural forms are emerging:

'ethnocentric' structures based on tight control of subsidiary offices by centralized headquarters, and 'polycentric' structures with a high degree of decentralized local control and interconnectedness. The structure which an INGO adopts needs to maximize proximity of decision-making processes to its constituent groups wherever they are. It needs to balance structures with members' and core values, to sensitize structures to cultural and regional diversities, and to create communication methods to allow participation. One strategy is that of the rotating headquarters: the International Association for Volunteer Effort's (IAVE) original HQ was in the US, but moved to Colombia for four years when its president was from that country, and then to Australia. Civicus has a small secretariat currently based in the US, with six regional convenors and an international board. An additional range of skills is needed by staff at all levels. For example, board members' competencies need to be different within an INGO as compared to a national NGO. They require a global perspective, not just their own national one; they need to fundraise through their own community links which may not be accessible to professional staff; they must be sensitive to language and culture, for example during board meetings where discussions must be inclusive to all; they can identify specific local issues which can then be fed into common public relations themes for the INGO; they need visionary leadership skills which can build internationalism rather than nationalism. There are also new demands on professional staff within INGOs, who need to have an international outlook, multicultural sensitivities and the ability to remain as neutral or objective as possible in discussions based on different cultural, national and political difference.

*(Source: Koenig 1996)*

There has been much less research into issues of NGO leadership than in the wider third sector literature. Carroll (1992: 92) found that NGOs which were good at service delivery and participation were headed by strong, charismatic single leaders or managers with 'extraordinary vision and personal commitment'. What has been termed the 'Lawrence of Arabia syndrome' has been deplored by some of the donor agencies (such as the Inter-American Foundation, which funded his study) but Carroll focuses on its strengths as well as its weaknesses:

strong central leadership has been essential to the survival and strength of these organizations and has generally not spawned the autocratic, paternalistic relationships often attributed to it.

*(Carroll 1992: 140)*



Carroll finds that central strong leadership is very important, especially in the early years of an NGO's existence. In Sri Lanka, Zadek and Szabo (1994: 30) consider the issue of the charismatic NGO leader in connection with the NGO Sarvodaya, which was established by Dr Ariyaratne. They argue that the decision-making structure may at times show unwelcome cultural inheritances which have encouraged paternalism, but that Dr Ariyaratne worked to sustain the organization through his personal abilities to inspire while remaining open and receptive.

### The 'capacity building' debate

Despite the lack of profile of management issues within the literature on NGOs, there has been a considerable amount of writing devoted to the issue of 'capacity building' during the 1990s in connection with NGOs and development. Like many of the terms employed in relation to NGOs (such as 'participation' and 'empowerment') the term 'capacity building' is somewhat imprecise, but is usually used to refer to the strengthening of the organizational dimensions of NGOs, and it is therefore of crucial importance for NGO management. The term 'capacity building' is frequently used with reference to the public sector in developing countries (Polidano and Hulme 1999). It has long been used in relation to outside efforts to strengthen government's capacity to carry out various tasks from service delivery to policy analysis, and it arose as a reaction against the tendency for development projects to generate dependency and an inability to sustain performance beyond the end of the project:<sup>2</sup>

the process of identifying and developing the management skills necessary to address policy problems; attracting, absorbing and managing financial, human and information resources; and operating programmes effectively.

(Umeh 1992: 58)

In the NGO field, the discourse of capacity building has emerged mainly in the context of the changing and unequal relationship between Northern and Southern NGOs (Lewis 1998c). During the past decade or so there has been a gradual shift among Northern NGOs from the transfer of resources and skills towards the idea of building structures for self-reliance and sustainability within the communities in which they work. Rather than implementing projects, there has been a shift towards working with local 'partner' organizations as we saw in Chapter 6, along with a search by Northern NGOs for new 'enabling' roles in relation to SNGOs. For example, Egeland and Kerbs (1987), in a survey of eight international NGOs and their Southern partners, have argued that many Northern NGOs tend to see their own effectiveness in terms of the development of their Southern partners. These NNGOs often put pressure on their partners to

demonstrate their effectiveness and by considering their longer-term needs in terms of organizational strengthening. At the same time, there has been pressure from bilateral and multilateral funders under the 'new policy agenda' to ensure that NGOs are made more effective if they are to play expanded roles in the private service delivery and active civil society approaches which are now in vogue (Sahley 1995). This Northern approach to 'capacity building' in the NGO world has led definitions of capacity building to centre on efforts by Northern NGOs and donors to 'strengthen' Southern NGOs.

As a result of many of the negative experiences from the perspective of Southern NGOs, Fisher (1994) points out that much of the discourse on capacity building has been tinged with a 'subtle paternalism', and the term has been associated with the growing instrumentalist view of NGOs as delivery systems for donor funds. Despite the problems, Fowler (1997) argues that the capacity building debate can provide an opportunity for reflection on development approaches and organization, and for a possible re-negotiation of Northern NGO roles, perhaps leading to a move beyond the simple rhetoric of 'partnership'.

A recent INTRAC study of Northern NGOs' capacity building efforts offers the following definition:

an explicit outside intervention to improve an organisation's effectiveness and sustainability in relation to its mission and context.

(James 1994: 5)

The survey found that the term was understood in different ways by different NGOs, few of whom had a clearly defined idea about what 'capacity building' was. It tended to be seen as an 'add on' to other activities, and few NGOs were found to evaluate the effectiveness of their capacity building efforts. Some NGO writers have pointed out that capacity building is often understood by NGOs as a form of 'organization development', or OD as it is known in the business sector, where it emerged some years ago. Fowler *et al.* (1992) distinguish organization development from the wider concept of institutional development, by defining institutions as stable sets of widely recognized rules such as laws, markets or civil society, and organizations as structures bringing together people to work towards a common purpose, such as NGOs or businesses, such that OD generally refers to activities such as the strengthening the board or training staff of an NGO, while ID in relation to NGOs is concerned with efforts to improve the performance of the wider context in which NGOs operate, such as network building between organizations, the reform of the legal environment in which NGOs operate, and efforts to influence the policy environment. OD is defined by Fowler *et al.* (1992: 18) as 'an ongoing process that optimises an organisation's performance in relation to its goals, resources and environments'. Cooke (1996) has distinguished different approaches to OD,

which he terms 'development organization development' (DOD) which tends to be flexible and experiential, and 'managerialist organization development' (MOD) which is planned and systematic in nature.

Box 14 *Challenging the North/South conventions of 'capacity building'*

There are currently some interesting examples of NGOs which move beyond the rhetoric of capacity building towards radical organizational support and change. For example, the Katalysis approach involves a small NGO in the United States which works long-term with just five partners in Central America. This is not a conventional North/South partnership, but one in which the six agencies exchange members of their boards in order to facilitate joint decision making, undertake strategic planning exercises together so that the Southern NGOs are not simply responding to the Northern NGOs' agenda, and make available to each other all financial information which relates to each NGO and its programmes (James 1994).

The NGO Resource Centre in Karachi is an example of capacity building which moves beyond the conventional North/South model. Established with the support of the Aga Khan Foundation, the Centre provides capacity building support in the form of training, information provision and linkage support to local NGOs in Pakistan.

Finally, the Transform Programme began in the UK as a capacity building programme for the Southern partners of a group of UK NGOs including Christian Aid, CAFOD, World University Service and Oxfam. Over time, it has evolved into a network of NGOs and consultants in Southern and East Africa which aims to strengthen the capacity of organizations and businesses to build organizational support locally and reduce dependence on Northern organizations and resource channels.

The importance of the 'capacity building' idea for NGOs is, as Fowler points out, the recognition that factors both inside *and* outside the NGO are important for effectiveness, since any comparative advantage that NGOs may have over governments is only 'potential' and needs to be 'realized'. One study on NGO capacity building which has been strongly influenced by organization development is that carried out by Sahley (1995), who identifies three groups of NGO capacities:

- (a) identity, culture and purpose, such as the capacity for a clear ideology of development, good staff/management relations and effective conflict resolution mechanisms;

- (b) management systems and structure in relation to the existence within the NGO of clear procedures, roles and responsibilities, effective decision making and financial management;
- (c) programme and technical capacity, which refers to the ability of the NGO to deliver services effectively and develop strategies based on understanding social, political and economic context.

This has led to many different forms of support under the general heading of 'capacity building'. The first is technical assistance, which is usually concerned with basic operation issues of the NGO and can include technical resources such as a monitoring system or computer software, specialized advice, or exchange or secondment of staff in order to strengthen certain skills. The second is provision of organizational assistance as a response to overall organizational needs, and may take the form of management training or short-term consultancy inputs designed to build capacity in an area such as strategic planning in a problem-solving approach. The third type of intervention is termed by Sahley as 'organizational development intervention', in which a longer-term view is formed of organizational capacity overall, leading to a facilitative programme over a number of years of interventions designed to help the organization diagnose and solve present and future challenges itself.

Eade's (1997) study of capacity building – built in part on Oxfam's long experience – is one of the most comprehensive reviews of the subject, but the author wisely resists the temptation to offer a single definition of what is often understood differently by different individuals and agencies. Instead, Eade (1997: 35) distinguishes three views of capacity building within an NGO – which she distinguishes from other forms of capacity building, such as building the capacity of wider civil society, i.e. institutional development – and points out that while these are clearly inter-related they are often muddled and can usefully be separated out. First, capacity building can be understood as a 'means' through which an organization is strengthened to perform specific activities. Second, it can be viewed as a 'process' of searching for greater coherence within an organization based on reflection and leadership in relation to mission, structure and activities. Third, it can be understood as an 'end', which is to provide an organization with the means to survive and fulfil its mission and objectives. Kaplan (1999) argues that there has been too much attention given to a 'simplistic delivery' view of capacity building, which instead needs to be rooted in the specifics of an individual organization's history and distinctive processes, rather than 'one size fits all' solutions. The debate on capacity building has brought NGO organization and management issues into focus more sharply than ever.

## Organizational change and NGOs

One of the key themes of the third sector literature is that of rapid change and the struggle for appropriate organizational response. Can NGOs learn how to manage change better? A brief review of the extensive literature on organizational change indicates that no-one agrees about how planned change is achieved in business organizations, and it seems logical to suppose that there is no reason that NGOs should be any different. The standard textbook view of organizational change is explained by Robbins (1990) who uses the ideas of a three-step change process for organizations in unfreezing, moving and refreezing, which recognizes that change does not occur simply because a decision has been taken that it will occur, and engineering change needs to be seen as a process, especially if that change is to be lasting. This view also shows how change within an organization can be resisted for many different reasons: people with power fear losing what they have, the bureaucratic structures of an organization tend to favour the *status quo*, cultures resist pressures to change and organizations often work hard to 'manage' the environment in order to protect themselves from the need for any change.

If we briefly examine prevailing ideas about organizational change in the business world, we find agreement that the ways in which organizations change is likely to be influenced by two main types of factor. Both the context and the environment impel changes to take place and constrain the changes which are possible, as well as the efforts made by managers within organizations who may struggle to understand the need for change, to work consciously to achieve it, to develop capacities of organizations to change and to learn. For example, the view of DiMaggio and Powell (1991) is that organizations tend to change primarily in order to be more like each other – pressured, for example, by the state and other institutions to conform to accepted practice – and they term this process 'isomorphism'. The work of Pettigrew (1987) argues that securing strategic change is extremely complex and requires understanding of context, content and process by managers often over a long period. In Senge's (1990) work there is an emphasis on the need for organizations to have a systems approach to change, in which they seek to build a 'learning organization' which can change effectively – this requires new disciplines in thinking by managers. Peters (1994) argues that the most important thing for managers to do is not to think consciously about change processes but to instead seek out unusual new challenges and make their organization an exciting place to work in – by building the 'curious corporation' – and success will automatically follow. Finally, G. Morgan (1994) argues that change has a symbolic dimension and that managers need to apply appropriate 'images' to conceive of possible changes, e.g. the spider plant.

From the public administration field, research has shown that efforts to change are often unsuccessful, and emphasizes the problem of power and resistance. Some organizational change is merely a re-labelling exercise – and

we need to understand the role of dominant elites and the power of ideology in the change process. From the institutional perspective, it is argued that the adoption of new structures is often a legitimization device to maintain outside support and funding, rather than signifying underlying change to values and purpose, that is, values get decoupled from purposes. On the other hand, change may be top-down, power-driven change and may take real effect. For example, the growth of the new public management has been associated with widespread organizational change based on changes in the response to funding and resources, and to changes in the realm of ideas and ideology. Both of these may contribute to organizational change.

In the UK third sector, there are similar preoccupations with organizational change, as we have seen from Osborne's (1996) outline of the new management demands on the sector brought about by the growth of contracting for service delivery. In the NGO field there have been two sets of pressures. The donor interest in NGOs as service providers has helped to establish the use by NGOs of formal management tools such as the logical framework, while the donor emphasis on NGOs as actors in civil society has prompted questions about levels of participation and hierarchy *within* NGOs. Management, as we have seen, is difficult on account of a range of factors, such as the lack of markets, which means that NGOs can ignore poor service delivery to beneficiaries because there is no market mechanism to carry any message of customer satisfaction; because of the vague and difficult-to-measure 'objectives' of many NGOs; and because of the overall context of 'resource' scarcity and unpredictability.

It becomes possible to untangle two basic approaches to organizational change, as Tassie *et al.* (1996) have shown. First, there are what might be termed programmatic or 'rational change' models. These tend to draw upon predominantly Western mechanistic models of transition and change followed by periods of calm. An example of this are models of strategic planning which began with Mintzberg, and this perspective is based on the assumption that rational, top-down restructuring of organizations is possible.<sup>3</sup> This is the dominant post-1960s Western model of organizational change, which uses military language of 'planning', 'scenarios' and 'objectives' and identifies definable problems which need to be overcome in organizations. There are many approaches which fit this general model, and variants which add different ideas to the basic package. For example, there is an 'incremental' variant which acknowledges the role of politics, power, incremental change and feedback (Quinn 1980). There are also interpretative variants which place a more central importance on the role of people within the organization – Senge's (1990) ideas about 'learning' organizations and Weick's (1979) sense-making concept are good examples of this.

The second group of perspectives are non-linear, with a focus on self-organization as well as externally directed change. In chaos theory, for example, causes and effects are unclear and multi-directional, and change process patterns emerge from apparent disorder through a process of self-

organization. For example, an organization takes a decision to acquire a computer in order to improve its record keeping, but this generates unexpected discussions within the organization about which records are to be kept, and the ripples from this change eventually feed into wider negotiations about changing the mission of the organization.

Chaos and complexity theory is currently at the heart of some of these new debates. For example, CMC (n.d.) reviews how the central issue facing managers today is increasing rapidity of change and turbulence in the environment, which then creates more complexity and ambiguity for managers. There is growing dissatisfaction about how planned change does not yield results, leading to more and more 'new recipes for success' which repeatedly disappoint. The reasons for this are that organizations are not in equilibrium with their environments as some 'open systems' theories suppose, that there is no linear cause and effect operating, and that managers' realities may often be quite different within an organization, such that understandings and representations are open to question within organizations. These ideas about complexity theory are leading researchers to refine earlier models such as 'organizational learning' in order to emphasize and understand such features of organizations as the existence of informal spontaneous networks among staff which 'shadow' formal structures (e.g. resistance, favouritism, etc.); the need to encourage 'spontaneous self control' during periods of organizational change which does not tip over into an 'unstable zone' in which change becomes impossible to guide.

This latter view was apparent in the work of DiBella (1992) who brings a postmodern perspective to a study of an organizational change programme within a Northern NGO and its field offices. DiBella's study found that change was perceived very differently by staff in different parts of the organization, with a particular discrepancy between the headquarters and the field offices overseas. Although the organizational change which was being promoted was ostensibly designed to promote regionalization, with a devolution of many powers to the local offices (with overall control retained by the centre), this was perceived by the field offices as a concentration of power by the centre. DiBella concludes by suggesting that the process of organizational change in the NGO was closer to 'organized anarchy' than planned change, and that there can be no shared vision in a situation in which goals are ambiguous, technologies are unclear and structures are loosely coupled.

Writing from the third sector perspective, Tassie *et al.* (1996) argue that both of these views on change can be reconciled, because each has a validity in certain circumstances. The change model which is realistic is one in which efforts are made to secure the right fit between the level of unpredictability in the environment (which brings us back to de Graaf's [1987] ideas about control and influence), the links between means and ends in terms of assessing whether a given process will produce a given outcome, and the

level of 'programmability' possible in the change process if parts of it are to be managed:

the failure of most change initiatives in ... [third sector organizations] ... can be attributed to an inability to match the adopted approach to change (programmatic or self-organized) with the situation (external environment or means/ends relationships orientated).

(Tassie *et al.* 1996: 144)

Lindblom's (1959) ideas about the implementation of public policy which he called 'the science of muddling through' demonstrate the importance of emergent, incremental change based on a series of small but significant policy changes – negotiations of multiple demands and competing values along with a process of mutual adjustments. He suggests that formal techniques such as strategic planning are beyond the capacities of real people because both technique and organization are so complex, and that a longer process of 'successive limited comparison' can produce change through small, incremental steps. The art of change management for Tassie *et al.* (1996) is therefore one in which managers try to create a 'context for change' which allows for both patterns, rather than trying simply to impose a top-down master plan. Once a leader realizes that they cannot easily predict or control change, then it is better to build a context by articulating a commitment to the process and to the core vision and values of the organization, and then to leave the precise trajectory of different parts of the change process to managers, who are then free to pursue diverse initiatives as long as they fall within the overall context domain.

## **Conclusion**

This chapter has examined some of the issues which emerge in the internal management of NGOs, focusing on aspects of both the third sector and the wider management literature. On the whole there is surprisingly little written on the internal management of NGOs. Starting with the wider third sector literature, it is possible to identify a set of distinctive management issues which apply to most third sector organizations, such as leadership, governance and volunteerism. However, development NGOs have differences in terms of context and approach and, for example, work on governing bodies in India reveals a related though potentially distinctive set of challenges and issues. Much of the work on NGOs has taken the form of a discussion about 'capacity building', though this has been narrowly focused on North/South NGO relationships until quite recently. Ideas from business management relating to organizational change can be seen to have relevance to NGOs, particularly in relation to chaos and complexity theory, which fits the unstable world of NGOs quite well.



There are important hazards which can damage the practice and understanding of NGO management. One is the ideology of 'managerialism', which exists both in a wider form and in the form of a specialized third sector variant. A second is the danger of a 'one size fits all' management prescription, which results from a lack of understanding of the diversity of NGO forms, approaches and contexts. A third and final danger is the idea that the values of the business sector are being imposed on NGOs through the new interest in management. This can seem attractive to NGOs which are already moving in the direction of becoming businesses (such as those running cost-recovery service provision or micro-credit banking facilities), but is unlikely to suit organizations with a more radical, non-market agenda, and ultimately runs the risk of homogenizing the NGO sector.

# 8 Conclusion

## Towards an understanding of NGO management

### Introduction

This book has attempted to provide an overview of the diverse management issues confronting development NGOs, and the task for us now is to pull together the diverse themes which have been explored. It is possible to untangle three main schools of thought in relation to NGO management. The first of these is the generic management view, which assumes that 'management is management' and places a strong emphasis on a 'one size fits all' approach. According to this view, there is no particular reason why NGOs should not seek to strengthen their management by drawing strongly on mainstream business thinking. One practical implication of this perspective is that NGOs should consider sending their staff to the established management training courses along with colleagues from the worlds of business and government. This is the line of thinking which emerges, at least in part, from Dichter's (1989a) discussion of the common failure of many development NGOs to engage with the 'nuts and bolts' of basic management due to a preoccupation with what he terms 'fancy' alternative, value-driven management ideas.

The second broad school of thought is the 'adaptive' view of NGO management. Within this perspective, it is argued that while generic or mainstream management ideas may be useful and relevant to development NGOs, these cannot be applied in any simple, straightforward way, but will need to be adapted in the light of NGO distinctiveness in terms of organizational structure and culture, and in terms of the complex forms of work which development NGOs seek to undertake. This view emerges broadly from the work of Fowler (1997) and Korten (1990), both of which place an emphasis on the need for development NGOs to learn from other sectors, but also to build innovative management approaches which both get the work done more effectively *and* which remain appropriate to an NGO's core principles and values. The third view of NGO management pushes this point further by arguing that a 'distinctive' view of NGO management may be needed. Billis and MacKeith (1992: 44) state that NGO management is

'a massive uncharted territory awaiting exploration' and hypothesize that NGO management may embody a unique 'combination of challenges' for managers, which will need to be explored through further investigative research. This position is an extension of that taken by some third sector management researchers who, frustrated at the neglect that third sector management has received until recently, have argued that new management models and concepts need to be developed based on the distinctive, specific experiences of third sector managers (Billis 1993a; Harris 1996).

Each of these perspectives has something to recommend it. There has been so little systematic research on NGO management that it remains difficult at this point to draw definite conclusions. The 'composite' model of NGO management which is presented below therefore acknowledges both the currently uncertain grasp which exists of the subject field, and the probability that NGO management is an emerging synthesis of various management perspectives which shift over time and across the many different types of development NGO which exist. The subject of NGO management can therefore best be approached from four perspectives simultaneously: business management, public management, third sector management and development management. As they carry out their day-to-day work NGO managers are – in addition to learning by doing – engaged in the complex task of synthesizing and distilling ideas from other sources in the hope that some will fit their needs. In the process of building appropriate practice, an NGO may need to draw upon different combinations of ideas, approaches and techniques from various sources, and the precise mix adopted will depend on an NGO's own mission, culture and values, as well as on the forces in its wider operating environment, such as the demands of donors or the requirements of government. Both sets of factors may also shift an NGO's overall identity and position within the three sector model presented in this book. For example, an NGO which moves into not-for-profit trading activity in order to reduce its dependence on donors may find itself increasingly drawing upon private sector business management thinking, but an NGO which undertakes contract work within a government-run service provision system may take on some public sector management traditions.

### **The composite model**

Back in the 1980s when the NGO management debate was first ignited, the argument was made by Campbell (1987) that NGOs needed to take management more seriously if they were to improve their performance and build a solid reputation. In response to the suspicion felt by some development NGOs, he suggested that there was nothing inherently 'good' or 'bad' about the concept of management *per se*, and pointed out that management was simply 'the process of mobilizing resources towards a given purpose'. At a more conceptual level, Campbell showed that one way of seeking to

understand NGOs – as with other types of organization – was to view them both in terms of their organizational characteristics and the wider context in which they operated. What makes development NGOs different, he argued, were certain distinctive aspects of their work, their structure and their environment, and he suggested that an ongoing synthesis of generic management, development management and third sector management was needed. Figure 8.1 develops this line of thinking and sets out a conceptual framework, based on Campbell’s earlier work but adding public sector management as another potentially useful source of ideas and skills, which illustrates the ‘composite’ nature of NGO management based on at least *four* difference ‘sources’ of management thinking.

First, what might be termed *generic management* is important because development NGOs like any other organization need to give priority to well established ‘nuts and bolts’ management principles. Second, *third sector management* ideas are potentially useful to development NGOs because, as we have seen in Chapter 7, third sector organizations – of which NGOs are a sub-set – face distinctive challenges of structure and context which may go beyond the scope and competence of theories developed within the generic management field. There is little in mainstream management theory which would equip an NGO for the difficult tasks of managing the demands of different funding agencies, or balancing its accountabilities simultaneously to both a formal governing body and to its large numbers of geographically remote, impoverished users; yet these are the kinds of questions which the

	<b>Contextual Features</b>	<b>Organizational Features</b>
<b>All organizations</b>	<i>Environment</i> (culture, context, institutions)	<i>Generic management</i> (mainly from the ‘for profit’ business world)
<b>Development NGOs</b>	<i>Development management</i> (from ‘Southern’ projects and programmes)	<i>Third sector management</i> (mainly from ‘Northern’ voluntary/non-profit sectors)  <i>Public sector management</i> (from government in ‘North’ and ‘South’)

Figure 8.1 A composite framework for understanding NGO management

Source: adapted from Campbell (1987)

emerging field of third sector management theory is seeking to address. Third, some relevant principles drawn from *public sector management* – such as the need to empower users of services, to improve the level of public participation in choice and decision making and the need to ensure that equal opportunities policies are in place to prevent discrimination by race or gender – will be drawn upon by development NGOs, particularly those which are engaged in the delivery of public services. Fourth, the concept of *development management* seeks to achieve a good fit between both the outcomes of activities undertaken and the manner in which such work is carried out (Thomas 1999). This becomes a vital area for development NGOs seeking to build distinctive values into their work – ‘to walk the talk’, as the current expression goes.

Campbell's work outlined the importance of an organization's operating environment as being crucial to its management systems and choices. This includes the institutional context, the level of political stability, the resource availability and the cultural norms which exist both within and beyond an organization's boundaries. This contextual component of NGO management has been emphasized throughout the previous chapters in order to counter the somewhat inward-looking, technocratic and apolitical tendencies which occasionally surface in some writings on ‘NGO management science’ which have been critiqued by Stewart (1997).

The sectoral origins of the management concepts central to NGO management may therefore have roots outside the immediate experience of development NGOs – in the worlds of business or government organizations, or among the non-profit or voluntary sectors of the industrialized countries of Europe and North America. Table 8.1 shows how many of the key concerns for many development NGO management have elements of their origins in these other sectors. For example, it has recently been common for development NGOs to experiment with the technique of ‘strategic planning’ in response to perceived planning weaknesses. The idea originated in the business sector in the 1970s, but it is now believed to have had mixed results and limited conceptual value (Mintzberg 1994). At the same time, strategic planning was taken up enthusiastically by many non-profit organizations in the US during the 1990s, but while it sent signals of ‘professionalization’ to certain key stakeholders, there have been questions raised as to its practical value and concerns voiced about its overall effects on the diversity of non-profit organizations (Mulhare 1999). There are many other examples of this hidden history, of which NGOs need to be aware if they are to avoid risks of ‘reinventing the wheel’. The current fashion for the ‘social audit’ as a method for improving performance and accountability revisits older debates from the commercial sector about business practice and social responsibility, and the term was first coined four decades ago (Goyder 1961). The concept of public accountability, which is currently a hot issue for NGO supporters and critics alike (and for the wider third sector), can be traced back to much older debates within the field of public administration.

Table 8.1 The sectoral origins of selected concepts relevant to NGO management

<i>Public sector</i>	<i>Private sector</i>	<i>Third sector</i>
Accountability	Strategic planning	Volunteer management
Empowerment	Management by objectives	Fundraising management
Capacity building	Social audit	Governance and governing bodies
Participation	Stakeholder analysis	Participatory evaluation
Equal opportunities	Organizational learning	Advocacy

For example, Selznick's (1966) influential study of the Tennessee Valley Authority examined the constraints to public participation in a large public sector development project.

It is often surprising – though perhaps ultimately reassuring – to discover that many of the key management challenges with which NGOs currently grapple are far from new, and have long institutional histories. But there is also a set of relatively new or emerging areas of management theory and practice related to development NGO work. At the same time, there are areas in which NGOs are themselves innovating in the management field. Some are developing new management approaches, such as the concept of 'accompaniment' in Latin America as a reaction against largely discredited Northern forms of inter-agency 'partnership' in which the SNGO found itself a subordinate player (Hoyer 1994). However, these innovations frequently go undocumented, and more systematic research is needed in order to understand the emerging, distinctive features of NGO management, particularly in Southern contexts. Such models need to be based on new research and related to the specific needs of development NGOs, not simply 'recycled' from other sectors. They also need to be context-specific and context-sensitive, and Chapter 4 has argued that a comparative approach to the analysis of NGO management practice in different cultural contexts is an important priority.

### **Muddying the waters: hybridity and ambiguity**

We have seen that for reasons of organizational diversity and change, NGOs increasingly need to draw upon management approaches taken from a combination of different sources. The vast diversity of NGOs means that the 'mix' will be different for each NGO, and that this mix may also change as the organization evolves, takes new decisions and develops new strategies. Over time, some NGOs may move closer towards the market sector and sell services in order to become sustainable, while others may choose to rely on a more value-based, voluntaristic motivation to their work and remain true to founding principles. Some NGOs may decide that entering into contracting arrangements with government for service delivery is appropriate to their

objectives, and these organizations may then grow to take on more of the characteristics of government agencies.<sup>1</sup>

These trajectories will each have a set of advantages and disadvantages in terms of the work NGOs undertake and the management implications of these activities. A dynamic model of NGO management therefore needs to encapsulate both organizational diversity, learning and change. The model reflects a 'process' view of management which recognizes that NGOs are adaptive, constantly changing organizations within increasingly uncertain and unpredictable contexts, and that there is therefore no single 'blueprint' for managing NGOs. It also acknowledges that there are increasingly many management issues – such as the new information technology – with which all three kinds of organization may be simultaneously grappling.

Within these change processes, there are three conceptual issues which need to be considered. The first is *organizational hybridity*: we are seeing new combinations of organizational structures and objectives, from the rise of the socially aware or ethical business organization to the increasingly business-like and commercialized world of NGO micro-credit provision. This makes a composite model of NGO management necessary for understanding the ways in which NGO organizational universes are changing. While the conventional organizational choices, such as self-management systems, decentralized structures and classic bureaucracies, can all be found amongst the NGO sector, mixed organizational forms are also becoming increasingly common. For example, some NGOs which run micro-credit programmes now draw upon private sector financial management techniques and practices in calculating and recovering administrative costs, yet many seek to do so within the overall framework of the not-for-profit form, and may combine this work with community development work which draws upon radical empowerment approaches. In a study of women's organizations in the US third sector, the initial hypothesis was that the more politically radical women's organizations would increasingly adopt collectivist, non-hierarchical forms, while apolitical, professionalized women's organizations would take on more traditional formal bureaucratic structures. Instead, a hybrid organizational form was found to be most common, in which organizations tried in novel ways to get the 'best of both worlds':

Women's nonprofits in New York City that adopt a feminist ideology are not only thriving with the formal bureaucratic form but are also innovating by combining aspects of both bureaucratic and collectivist structures.

(Bordt 1997: 80)

In Bordt's study, the principles associated primarily with top-down management were found to have been successfully incorporated into third sector organizations concerned with radical, participatory social change and with a consciously 'alternative' orientation.

A second important concept is that of *ambiguity*, which as we have seen is crucial to an understanding of NGO management in a number of ways. For example, Billis (1993a) has shown how third sector organizations may contain elements of both the associational and the bureaucratic worlds, creating both danger and opportunity. As we saw in Chapter 6, the growth of development NGOs which work in the area of 'fair trade' may lead to tensions between charitable and business management styles.

Hulme (1994) has shown that in Africa and Asia there are different NGO strategies which are increasingly in use at the same time, such as 'empowering' transformational approaches and modernizing 'income generation'. This is often justified by short-term practicalities such as the shortage of members or staff time and the need to demonstrate individual benefits, as well as by long-term goals of structural change. Hulme calls this the 'double-headed strategy' and it allows NGOs to present different sides to their various supporters and clients under shifting conditions of uncertainty and change. This allows SNGOs to respond to donors and governments with a non-threatening face, and allows NGOs to expand their membership, while offering ideological attractions to NNGOs and people's organizations and to supporters from radical backgrounds. It may also allow NGOs to adapt to working within a repressive political environment while working towards longer-term change. But there is a contradiction which emerges from being all things to all people:

the income generation activities operated by SNGOs commonly integrate members more deeply into the processes that their consciousness-raising and dialogical activities identify as causes of poverty – profit maximisation, competition among the poor reducing group solidarity and the acquisition of the assets of the poor by entrepreneurs.

(Hulme 1994: 260)

The fact that many development NGOs can construct a non-political image for state approval, but then project the language of political action locally, can confuse its membership and may also bring conflicts with charity laws or with suspicious governments.

This ambiguity is becoming more and more apparent as global changes bring into sharper focus the contradictions faced by many NGOs within the larger framework of development assistance and economic change. For NNGOs in particular we have seen the growth of a confused identity, the consequences of which Edwards (1999b: 198) sums up in terms of two divergent trends: 'some NGOs are moving further into the global service-providing marketplace, while others see themselves as part of international social movements'. These two trajectories are not new, and reflect the long-running dichotomy which has often been observed within the wider third sector between service providing and advocacy organizations, and there is every reason to suppose that both types of agencies will remain important



within development work. But it is, as Edwards points out, the organizations which remain caught in the middle of these changes which are a cause for concern. While it may be possible to combine both trends effectively within a single, flexible organization, there are increasing numbers, particularly of NNGOs, which lack a clear strategy and whose disorientation is apparent from the continuing crises of reorganization involving efforts at decentralization, regionalization and even 'indigenization'. There may come a point at which ambiguity becomes more clearly a source of weakness than a source of strength.

### **The growth of complexity**

Some mainstream management theory sees the growth of complexity as linked to the increasingly dispersed spatial dimension of business practices and the multicultural character of business practice (Harzing 1995). For example, the use of familiar management techniques may not work in unfamiliar contexts, and it becomes more difficult for organizations to implement uniform personnel practices and performance standards. For NGOs, work may be located in particularly difficult areas – in places where there is continuous conflict and instability or in remote, isolated communities. Kelleher and McLaren (1996) emphasize the turbulent context in which many development NGOs tend to work, and use the phrase 'grabbing the tiger by the tail' to encapsulate the challenge of taking control of organizational change under difficult circumstances. These wider contextual changes are taking place at various levels. At the political level there are changes in the regulatory frameworks operated by governments, with a shift towards enablement and competition. There are at the same time growing areas of political instability and violence in parts of Eastern Europe and Africa. At the economic level, changes to international trading regulations currently under way raise more questions than ever about economic winners and losers, while the growing interest in the social accountability of the business community may bring new opportunities for NGOs to influence business practice (Zadek 2000). At the social level, there are heightened public expectations about development participation and about improving the ways in which development work is undertaken (Jenkins and Goetz 1998).

At the technical level, the rapid growth in communications technology is transforming the ways in which organizations can approach their work (Scott Morton 1996). These technologies may make it possible for NGOs to react more quickly to events, and make it easier for information to be deployed for advocacy purposes. New technology makes an impact on the ways in which NGOs relate with actors in their external environment, making coordination efforts potentially more effective, and bringing new dimensions to the tasks of internal management. The increase in quantity of information also allows better 'sensing' by organizations of events within their external environment. An abuse of human rights in a country can be signalled around

the world in seconds and NGOs can immediately take action. An important way in which NGOs have responded has been through the forging of alliances, the construction of networks, and what Brown has termed the 'bridging' role – between local community organizations and government, between consumers and producers, between constituents in rich countries and those in poor countries. Information technology also potentially brings increases in the controlling dimension of management work, such as in terms of performance measurement (Scott Morton 1996), and these may be an unwelcome trend for NGOs if it adds to pressures for technocratic forms of evaluation at the expense of more participatory learning-based approaches.

The present political climate may reduce the 'room for manoeuvre' available to development NGOs to pursue diverse strategies and to experiment with alternatives to the mainstream:

The third sector is being encouraged to restructure itself from a source of innovation, organisational pluralism, alternative knowledge creation and 'new' political force into a contractor for national governments and international aid agencies.

(Hulme 1994: 257)

At the organizational level, development NGOs need to be able to manage change either by being clear enough about their goals and purposes to resist pressures to grow, or else by building growth strategies which allow structures and practices which are in keeping with the organization's own values and ethics.

An increasingly observable trend is that of convergence, in which either by design or accident, the boundaries between the three sectors of government, business and third sector are arguably becoming more blurred, with important implications for NGO management. An emerging set of issues – such as the use of information technology and the need to manage transnationally under conditions of increasing globalization – will increasingly be common challenges faced by all three institutional sectors. For example, the growing demand for accountability and social responsibility is beginning to impact upon mainstream management practice, and higher standards are increasingly being asked of government, business and the third sector (Parker 1998). NGO management needs to be seen primarily in terms of process rather than blueprint. As Kaplan (1999: 54) has argued, 'while every organization may share similar features, nevertheless each organization is unique'.

## **Conclusion**

How will the management of NGOs evolve over the coming decade? Will there be a trend towards strength through a diversity of structures and approaches, or will there be a process of standardization – what Foreman

(1999), writing about the influence of Northern or international over Southern organizations, has termed the 'McDonaldization of NGOs' – in which NGOs tend towards a unidirectional isomorphism? What is clear from our discussion is that there are just as many pitfalls for NGOs if they simply rely upon 'high moral purpose, good will, hard work, and common sense' (Korten 1987: 155) as there are if they respond unthinkingly to pressures from the environment to professionalize. As Smillie (1995: 147) puts it rather eloquently:

Criticised by governments for their lack of professionalism, NGOs are then accused of bureaucratisation when they do professionalise.

Ultimately these are political choices which development NGOs in North and South and their stakeholders will need to make, rather than technocratic questions. How NGOs in the end relate to the issue of management will depend upon the type of organization an NGO wants to be, the values it seeks to express and the approach it takes to the pursuit of social and economic change. The 'strategic management' framework which was developed in Chapter 6, which was adapted from the work of de Graaf (1987) and Smith *et al.* (1980), represents one way of conceptualizing NGO choices in this area – between expressing core values, getting their work done and shaping and reacting to wider contextual forces. The model highlights the need for NGOs to distinguish between shifting zones of control, influence and appreciation; and this can serve as a guiding framework for all types of development NGOs. Organizations both shape, and are shaped by, this wider context. At the same time, the different 'tides' of management reform currently being experienced by non-profit organizations in the United States (Light 2000, discussed in Chapter 7) may find echoes in NGO sectors in other parts of the world.

The concept of ambiguity has been central to our argument, because development NGOs face difficult questions about their structures (such as the associational versus the bureaucratic form), their approach to the work (such as whether to attempt to meet short-term needs or to undertake long-term 'sustainable' development) and their response to the contradictory pressures coming from their environment (acting as 'contractors' for governments versus responding to bottom-up pressures for change). This ambiguity, as we have seen, is at times a source of weakness and confusion, but it also lies at the heart of some of the creativity which some NGOs are able to display as organizations.

Whether or not one agrees that 'NGO management' is a new field, the debates under way about the management needs of development NGOs are important. The days of the 'reluctant manager' seem to be over for many NGOs, but the danger now is that professionalization and mainstream development delivery approaches may also lead to fewer NGOs of the 'committed activist' type. Dichter (1999: 54) argues that there has been a

general global shift among development NGOs towards the commercial sector such that

To survive, today's NGO has been forced to become more corporation-like and less church-like. Its primary concern, though rhetorically still to actualise social visions, is also to cater to a marketplace (of ideas, funders, backers, supporters).

Dichter's concept of the current 'global marketplace of altruism', in which professionalized NGOs now operate, leads him to argue that development NGOs may need to rethink the implications of their recent growth and return to their roots – of working for change 'quietly, locally, and modestly'. But there is also a danger in idealizing small, informal NGOs, and the more corporate NGO model such as BRAC in Bangladesh has arguably evolved into a key player in that country's struggle against poverty, while thousands of smaller, less bureaucratized organizations remain active in a range of fields at local and national levels. The NGO universe will be a poorer place without diversity and pluralism.

Whichever way NGOs choose to move over the next decade (and it seems unlikely that any single trend will be discernible amongst such a diverse family of organizations) the current interest in the subject of NGO management serves a useful purpose by bringing prevailing images and expectations of NGOs – among both advocates and detractors – down to more realistic proportions. There may be the danger that just as NGOs were idealized by many people in the development industry during the first half of the 1990s, there will be an unfortunate counter-reaction in the coming years in which NGOs are 'written off' as having failed to live up to expectations. A more critical approach may also lead to a stronger focus on what development NGOs can achieve and what they cannot, on improving their effectiveness, and it may enrich our wider understanding of management by bringing to light new ideas and alternative approaches – ones rooted in different values and cultures, and in a genuinely developmental approach to overcoming obstacles to positive social change.

Many would agree that the development industry, and the NGOs which have associated themselves with it, have achieved far less than was once expected in terms of poverty reduction and social justice. Yet as the work of people like Edwards (1999a), Tandler (1997) and Kaplan (1999) indicates, there is a considerable amount known about what – in Edwards' phrase – 'breeds success'. In Brazil, Tandler shows how improved health services resulted from highly motivated and well organized public sector workers kept on track by suitable incentives and the watchful eye of organized citizens, while in India Edwards shows that the success of PREM was derived from a facilitating role which assisted local organizations to identify anti-poverty strategies, and supported them in their struggle against

structural obstacles and interests. In development work, both 'enabling' and 'controlling' management have their uses.

The challenge – as Fowler (1997) points out – is for development NGOs to clarify their vision and goals, balancing a range of internal and external factors and keeping a clear eye on 'what is to be managed'. Management for NGOs can be seen as having both an instrumental purpose (i.e. achieving the desired results) as well as an expressive quality, that is, a certain organizational style or culture which is both appropriate to the task at hand as well as in keeping with the values of those involved. For development NGOs the expressive side of management remains a priority, but NGOs cannot afford to lose sight of the practical. The challenge for such organizations is therefore to build appropriate management models which will improve management performance without losing sight of core values.

Finally, NGOs also constitute an important subject for mainstream management research, which has until now given little attention to the third sector. Mainstream management theory is now paying close attention to the idea of hybridity as a post-bureaucratic organizational form, and Parker (1998: 236) sees 'expanding choices for organizations' which 'involve more complex, hybrid structures and processes capable of surviving and thriving in the global marketplace'. Others have begun to turn their attention to the ways in which NGOs as organizations may be challenging some of the assumptions and theories held more widely in management circles. Fisher (1994) suggests that NGOs in the South are developing organizational forms that challenge Michels' (1962) 'iron law of oligarchy' in which grassroots membership organizations' commitment to democracy is gradually replaced over time by the rule of oligarchic officials whose views prevail over those of the rank and file. More attention to the ways in which the diverse range of development NGOs are managed could enrich the theory and practice of organizations of all types.

# Glossary

**Accountability** A process in which an organization builds and maintains a relationship with stakeholders based on transparency and influence.

**Advocacy** An activity in which an NGO seeks changes in policy, and ultimately in the allocation of power, through political influence based on representing members' and supporters' interests to policy makers.

**Association** An organizational form based around membership, usually but not necessarily, informal in structure.

**Capacity building** Originally a public sector term that became widely used in relation to NNGO/SNGO relationships during the 1990s, usually referring to processes of organization development (OD), but sometimes used more generally.

**Civil society** A complex term with many different definitions, but which usually refers to the set of organizations and institutions situated between the state, the business world and the household, and to the 'space' in which various kinds of organized entities (religious groups, NGOs, social movements, the media, professional associations, etc.) negotiate and pursue diverse (and sometimes contradictory) social interests.

**Community-based** Local, 'grassroots' membership organizations which often form part of the 'coping strategies' of low-income households (also sometimes known as 'people's organizations').

**Empowerment** An imprecise term which refers to a transformative process in which individuals and groups move from insight to action in pursuit of changes in the exercise of power.

**Governance** The ongoing process within organizations by which guidelines for decision making, mission and action are developed and compliance with them is monitored.

**Legitimacy** A term which refers to the credibility of an organization, based on perceived moral justifications for its social and political actions.

**NGO** Non-governmental organization, a highly imprecise term which usually refers to the sub-set of 'third sector' organizations involved in poverty reduction, human rights and environmental concerns.

**Non-profit** The term commonly used in the United States for 'third sector organization', so labelled because it is distinguished from the culturally dominant model of the profit-making organization.

**The North** The group of rich countries that used to be generally referred to as 'developed'.

**Not-for-profit** A term which has tended to replace 'non-profit', meaning that an organization may engage in profit-making activities (such as selling goods or services) but that the proceeds are ploughed back into the organization's activities rather than distributed to shareholders as in the case of a for-profit company.

**Participation** A somewhat imprecise term which refers to the complex political process of increasing people's involvement in decision making, which can sometimes result in greater 'voice', but on the other hand may simply legitimize existing decision making.

**People's organization** A term often used to refer to local membership organizations. These can be contrasted with non-membership forms of NGO sometimes called 'intermediary organizations' or 'grassroots support organizations', which provide support and services to POs.

**Philanthropy** The ethical notion of giving and serving to people beyond one's own family, a term which is common particularly in the United States.

**PVO** Private voluntary organization, a term commonly used in the United States to describe its development NGOs working in the 'Third World'.

**Scaling up** The process in which NGOs seek to move beyond transitory or localized activities to achieve greater impact through a variety of possible strategies.

**Service delivery** Public provision by government agencies, private sector organizations or NGOs of services such as education, healthcare, agricultural extension, etc.

**Social economy** Economic activities which serve social rather than primarily economic aims such as profit maximization; a term commonly used in continental Europe.

**Social entrepreneur** An individual who seeks to put under-utilized resources to use to satisfy unmet social needs.

**Social movements** Loosely organized groups of organizations and individuals around pressing problems of a local, national or global nature, such as environment, identity, poverty or human rights.

**The South** A term which has been recently used in preference to earlier terms such as 'Third World' or 'developing countries' (but which excludes Australia and New Zealand).

**Stakeholder** Any person or group that is able to make a claim on an organization's attention, resources or output, or who may be affected by the organization.

**Third sector** A term referring to the collection of institutions and organizations which, particularly in the West, are seen as separate from

state and market (which are said to form the other two sectors) and which has emerged to challenge this 'two sector' view of the world. Also refers to the institutional 'space' between state and market.

**TSO** Third sector organization, an organization, such as a trade union, religious group, NGO or community organization, which is neither formally part of government nor a for-profit organization.

**VO** Voluntary organization, a term used commonly in Britain to refer to a third sector organization; effectively a synonym for non-profit organization or non-governmental organization. Sometimes it is misleadingly used to refer to organizations composed of volunteers (as opposed to more professionalized third sector organizations).

**Voluntarism** The tradition of organized voluntary action, but also the philosophical idea that the will dominates the intellect.

**Volunteer** A person who enters into a service or a transaction of their own free will without expectation of remuneration.



# Notes

## 1 Introduction

- 1 Some analysts, such as Najam (1996b), Clarke (1998) and Stewart (1997), have rightly pointed out that there are a number of important limitations in much of this 'NGO literature', which has tended to be either donor-driven (and therefore with a tendency not to confront political complexity) or written by NGO activists (which has lent a 'feelgood' quality to some of this work). All this leaves a weak, normative literature on NGOs.
- 2 Some basically sympathetic observers have pointed out that unless NGOs pay attention to key issues of accountability, probity and effectiveness then there will soon be a backlash against NGOs (e.g. Slim 1997).
- 3 There are some exceptions in Stark Biddle (1984), Billis and MacKeith (1992), Fowler (1997) and Suzuki (1997).
- 4 The one-year MSc in Management of NGOs began in 1995 at the London School of Economics' Centre for Civil Society in the Department of Social Policy. A wide variety of experienced practitioner students from all over the world (but mostly from the 'South') have now graduated from the course.
- 5 There is also the 'guru' phenomenon, in which charismatic individuals claim to have all-purpose, novel answers to important management questions. A lively and provocative overview of the world of the management gurus can be found in Micklethwait and Wooldridge (1996). The authors conclude that while management theory is a commercially successful industry which acts as a 'magnet to charlatans', it does offer some general lessons and is 'not entirely devoid of intellectual context'!
- 6 The selection and management of specific poverty reduction activities – such as making choices between campaigning versus service delivery work, or 'participatory' versus 'top down' interventions – is of course critical to any discussion of NGO management. See Thomas (1996) for a good overview.
- 7 Kiggundu (1989: 30), however, suggests that too much emphasis has frequently been placed on 'cultural variables' within organization and management studies of non-Western cultures, and not enough on the process of managing task, performance and technology.

## 2 Contexts, histories and relevant concepts

- 1 Uphoff (1995) offers a different view of the third sector debate, by suggesting that only membership-based, self-help NGOs are part of the third sector, while public benefit NGOs which provide services to a third party should be considered part of the not-for-profit *private* sector.

- 2 Vakil (1997) suggests that the 'voluntary' element of the structural-operational definition be dropped to reflect the growing professionalization of NGOs. Although this may be appropriate in some cases, it would arguably close off a key element of most third sector organizations. Even BRAC, perhaps the largest NGO in the world with more than 15,000 staff, and one which now sports a strong private, even corporate image, still has a voluntary board of directors and still relies on village-level volunteers for aspects of its work. However, Fowler (1997) notes the existence of NGOs in Latin America which do not follow the governing body structure but are managed and governed by an executive director.
- 3 See for example Horton Smith's (1997) passionate case for arguing that informal grassroots groups are perhaps best seen as the 'true' third sector, a position close to that of Uphoff.
- 4 There is considerable confusion about where and when this term was first used, with Levitt and Etzioni apparently using it in the mid-1970s. Fisher (1998) seems to attribute the origins of the term to Nielsen's 1979 book *The Endangered Sector*, but this would appear to be a comparatively late usage.
- 5 An interesting parallel can be found in the participatory development movement embodied in the work of Robert Chambers (1994, 1995) whose ideas also centre on a critique of 'normal professionalism'.
- 6 There are increasing numbers of 'hybrid' organizations existing around the alliances and networks which spring up within changing institutional environments (Kramer 1995).
- 7 While Nerfin (1986) asserts the moral superiority of the citizen, Najam makes no judgements at all about the relative values of these three different sectors, merely that they are different.

### 3 NGOs and development

- 1 For example, to return to the examples provided in Chapter 1, while Educare Trust in Nigeria has chosen to remain very much a 'one person' NGO, relying on the support of a few local volunteers in order to provide new learning resources to local schools and campaign for education policy change (despite numerous offers of funding), Bangladesh Rural Advancement Committee (BRAC) has grown, but has reduced its earlier high level of dependency on foreign aid to around 30 per cent in recent years by charging for services and running some for-profit businesses. Similarly, Vetwork UK runs on very little funding, but draws on the potential of information technology to keep transaction costs low.
- 2 The official donor scruples about core costs rarely seem to apply to consulting firms, which receive overheads from donors, often multiplying by three- or fourfold the salary component (Brown and Korten 1989).
- 3 Some organizations such as Oxfam GB have responded to this problem by starting a poverty programme in the UK (Lewis 1999a).
- 4 For a general introductory review see Gardner and Lewis (1996).
- 5 This is not the place to discuss ongoing critiques of development as a concept, which now include the concept of 'post-development'. But it is worth noting that such critiques, despite many useful ideas, at times can appear perverse and surprising. For example, one radical 'post-development' writer is opposed to the idea of development because it involves the destruction of 'noble forms of poverty' and 'arts of suffering' (Rahnema 1997: x).
- 6 Korten's argument is that although public service contractors may be well managed and efficient, NGOs which move away from more complex agendas towards service provision tend to lose autonomy by becoming more dependent

on others, and can become simply a proxy for government under privatization agendas. The reasons why NGOs change in this way is given as: becoming tired of surviving at the financial margins; or of fighting against established interests; a sense of obligation to improve job security for staff; a belief that contracting will eventually bring more funding and opportunities to go back to earlier approaches. It also brings greater susceptibility to Northern policy priorities of shifting public to private responsibility, and Korten points out that more than 50 per cent of US non-profits now receive more than 50 per cent of their funds from public sources.

- 7 Empowerment is also used widely within business and management as well as in development (Wright 1994). Many NGOs now speak of an 'empowering' or 'participatory' management style. In this type of perspective, operating staff are seen as the starting point for action, as a source of skills and capacities, encouraged to take the initiative in solving problems (e.g. Holcombe [1995] on the Grameen Bank model).

#### 4 Culture and ambiguity

- 1 Many of these ideas have strongly influenced work in the non-profit literature on organization and management (e.g. Billis 1993a), which is discussed in Chapter 7.
- 2 For example, Billis and MacKeith (1992), in the three organizational 'worlds' theory, show how NGOs are agencies which may find themselves located in an ambiguous zone between associations and bureaucracies. They face specific management challenges as a result, such as dilemmas of participatory or hierarchical management approaches, or the tension produced by priorities of awareness raising as opposed to fundraising (MacKeith 1992).
- 3 For example, in the discussion of inter-agency partnership in Chapter 6, the role of power in the creation of weak or 'dependent' partnerships between unequal organisations is analysed. In one recent study in Bangladesh, Foucauldian ideas were used to show the ways in which power is exercised through the language of partnership (Lewis 1998b).
- 4 There is a wide literature on social movements (e.g. McAdam *et al.* 1996; Canel 1997) which has only rarely been linked with the literature on NGOs (Dechalert 1999; Norrell 1999; Morris-Suzuki 2000). One tradition which emerged from the United States argues that movements such as the civil rights and women's movements rely on the availability of resources to turn grievances into action and protest, and this has become known as the 'resource mobilization' approach (McCarthy and Zald 1977). Another radical tradition has been strongly associated with European and Latin American contexts, and has become known as 'new social movement' theory, which examines the ways in which social movements constitute local responses and resistance to processes of globalization and cultural imposition (Escobar and Alvarez 1992).
- 5 The currently fashionable concept of the 'social entrepreneur' provides a potentially useful insight into NGO leadership, which takes the economic concept of the entrepreneur and applies it to key individuals engaged in value-driven social change processes (Leadbeater 1997). NGO founders can be viewed as 'social entrepreneurs'. According to Leadbeater, social entrepreneurs are innovators who frequently draw on business ideas and methods. They may also operate on the margins of the third and the public sectors: for example, A. H. Khan in Pakistan was originally a civil servant who initiated the public sector Pakistan Academy for Rural Development in the 1960s (now BARD in Bangladesh) and later established the influential NGO Orangi Pilot Project in Karachi during the 1980s (Khan 1999).

- 6 Management by Objectives (MBO) is the basis for a methodology familiar to those working in international development, where a similar planning tool has become known as Logical Framework Analysis (LFA), currently used by most project planners and many NGOs.
- 7 An important postmodern critique of cross-cultural training work within multinational corporations – which partly draws on Hofstede's ideas – is made by Leggett (1999: 2), who argues that despite its admirable integrative goals, such training rests on the misguided modernist universalizing assumption that trainees from other cultures are seeking to participate in emerging global systems 'without quite understanding the rules' and need therefore to be 'helped up the ladder'.
- 8 However, we must also bear in mind that there is also a danger in always simply assuming the appropriateness of South-South learning. In a recent presentation by the author in China, NGO case study examples were presented from both Northern and Southern contexts, but every question received from the participants indicated a desire to learn from the Northern examples rather than the Southern ones.
- 9 One of the problems of such an approach is that it assumes that differences between large national groups are stronger than those within populations, which of course runs the risk of stereotyping cultural characteristics.
- 10 A recent study on this theme (Mukasa 1999) carried out in the context of an international NGO's work in Uganda raises a fascinating set of preliminary issues and questions. Kaufman (1997) provides some interesting insights into the career paths of some UK NGO staff, while Biggs (1997) examines the 'coping strategies' of development agency personnel.

## 5 Advocacy and service delivery

- 1 Freire's ideas were politically radical, envisaging class empowerment as the outcome, and he later became critical of the use of the term 'empowerment' in the US as a form of individual self-improvement. Within Freire's framework, the idea of groups is important, supported by facilitative, non-directive external professional help.
- 2 Thomas (1992) suggests that there are two approaches to empowerment: providing tools for self-reliance – organizational innovations and technical and training solutions to local problems (e.g. cooperatives, village cereal banks) and participatory action research (PAR) – animators work with local groups who decide on their own forms of action after analysing their situation.
- 3 Participation also has a political meaning, such that liberal theory sees participation as a crucial element of democratic responsive government by providing a voice for ordinary people in decision making, and the UNDP Human Development Report (1993) saw participation as the key to innovation and the creation of more democratic and just societies.
- 4 I recall a conversation with a landless rural woman in Bangladesh, who explained that she knew about the Grameen Bank but considered that its repayment criteria were far too strict for her to be viable and had gone instead for credit to another NGO operating in the area. This kind of choice, though probably quite rare (since needs tend to be greater than supply in developing countries), has interesting implications for NGOs' increasing public choice.
- 5 As Charnovitz (1997) has shown, NGO advocacy has a very long history, which is discussed in more detail in Chapter 2.
- 6 Annis (1992) reflects on the idea of 'informational empowerment' as a tool for evolving greater connectedness among environmental networks in Central America.

- 7 The Monsanto company is reported to be in the process of undergoing a substantial rethink of its biotechnology programme in the face of considerable opposition in Europe, and faces a major crisis of confidence from its stakeholders.
- 8 In the agricultural development sector, a series of case studies can be found drawn from Asia (Farrington and Lewis 1993), Latin America (Bebbington and Thiele 1993) and Africa (Wellard and Copstake 1993).
- 9 Private sector techniques include the 'social audit', first outlined in Goyder (1961) and outlined in the NGO context in Zadek and Gatwood (1995); and the idea of 'developmental market research', which adapts conventional market research for development work, and has been pioneered in this context by S. Epstein (Marsden *et al.* 1995).

## 6 NGOs and the management of relationships

- 1 This type of arrangement has led to the preference in some quarters for the term 'not-for-profit' to be used rather than 'non-profit', which embodies the issue of primary purpose more clearly.
- 2 Interestingly, the Grameen Bank – despite its third sector origins as a university-based action research project – has let it be known in recent years that it does not wish to be considered an 'NGO' but instead regards itself as a specialized financial institution incorporated by statute into the public banking sector. Perhaps this terminological anxiety is also a response to the negative associations of the 'NGO' label among some sections of the public in Bangladesh.
- 3 The picture is complicated further by the fact that there are many NGOs in both North and South which do not receive funds at all from the 'aid industry' and rely instead on selling services, local fundraising from the public or the private sector, or on voluntary commitment and activism.
- 4 The current preoccupation of many of the main UK development NGOs with ongoing processes of restructuring, regionalization and decentralization is arguably one indication of this crisis of identity.

## 7 NGOs and the dynamics of internal management

- 1 Bryson (1994: 155) writes that strategic planning, which became a popular business management tool in the 1960s, is 'a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization (or other entity) is, what it does, and why it does it'.
- 2 It is interesting to note that 'capacity building' is not a term which has been used very much in the third sector management literature, despite its popularity in the development industry. The same can also be said for 'scaling up'.
- 3 Strategic planning is a process for deciding what an organization wants to be and do; and how it will therefore proceed. It is intended to provide a framework of directions and priorities within which an organization's members can make long-term decisions, and also operate effectively on a day-to-day basis, towards common goals and a shared vision (Eade and Williams 1995). Mintzberg (1994), who was one of its originators, traces the history of strategic planning and argues that claims for its usefulness have been greatly exaggerated since then. It assumes that organizational events can be predicted and controlled, but by doing this has separated strategies from operational activities. In practice the two are closely linked. Planning is linked to analysis, strategy is linked to synthesis. If it is linked with a wider, processual approach to organizational

learning, it can be a useful tool. As Bryson (1988) says, 'strategic thinking and acting are what count, not strategic plans in and of themselves'.

## **8 Conclusion**

- 1 Government organizations, of course, are not static either, and take a variety of forms, some of which may gradually evolve into more 'NGO-like' agencies.

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