Topic: Research Methods for NGO Management (3)

I. NGO Management Theory and Practice

(This section is extracted from Ferrarao, 2002)

i. Definitions

The third sector, in fact, lacks even a wholly suitable name, which is used and accepted by all. The term "NGO" as generally used by the World Bank refers to organizations, some of them formally constituted and some of them informal, that are largely independent of governance and that are characterized primarily by humanitarian or cooperative, rather than commercial, objectives, and that generally seek to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development.

a. Terminology

The NGO category remains fuzzy or gray because too many inaccurate terms are used to define the sector. Far too often the terminology has a negative rather than a positive connotation: i.e. non-profit, non-governmental. As the sector grows, the recognition of common terminology and the acceptance of a clear definition of the nonprofit organization will be essential.

There are several important distinctions to be made, including, most prominently, the use of the word “profit” in the business world whereas the nonprofit world should use terms such as "surplus," "excess" or the preferred "excess of revenue over expenses." Further, NGOs do not "market" a product; instead they "promote" a service; they do not have "commercial activities" but rather "unrelated activities." An NGO does not deal with a "client," a term linked to and determined by competition, but rather with "users," "beneficiaries", "stakeholders" or "people who participate." When dealing with donors, NGOs should always be careful to use clear, "nonprofit" terminology.

b. Criteria for defining NGOs

NGOs may be defined using various criteria. They may be defined by functional criteria, that is, what they do, what their objectives are. A
functional definition ideally would match up with a legal definition, that is, what the legislation declares an NGO to be. Economic/financial criteria are also used in many cases -- where do the NG0s get their money? Finally they may be defined along structural/operational criteria. How is the NGO set up and administered? In the following section we will refer to these terms as we analyze various definitions in order to show where they are inadequate or impractical.

Of the four types of criteria being looked at here, only the legal one can be said to have any authority or can be termed the "correct" one. A structural definition tells us how NGOs are set up by way of governance, formalities, management and control. It is the closest one can come to what NG0s are in fact. In such it is the least limiting of the definitions and can be applied to all categories of NG0s worldwide.

c. Characteristics of NGOs

1. Non-Profit Distribution—An NGO must indeed have no profit but it can and should have a surplus/excess of revenues over expenses. The balance sheet of an NGO shows no earnings, but rather fund balances with the accumulation of surpluses or losses of that year and of previous years.

2. Private in Nature—NGOs are institutionally separate from government and have an independent governance structure.

3. Self-Governing—They must have their own governance systems and procedures to control their institution and distribution, with overall control residing internally.

4. Formal Organization — There must be formal elements of institutionalization by means of a charter or, in some countries, bylaws and, very importantly, the stipulation of regular meetings of a governing board.

ii. Classification

NG0s may be classified in a variety of ways, usually by their field of activity.
**BINGO**: Big International NGO

**BONGO**: Business-organized NGO

**CBO**: Community Based Organization

**CSO**: Civil Society Organization

**DONGO**: Donor Organized NGO

**ENGO**: Environmental NGO

**GDO**: Grassroots Development Organization

**GONGO**: Government Organized NGO

**GRINGO**: Government run/initiated NGO

**GRO**: Grassroots organization

**GRSO**: Grassroots Support Organization

**IDCI**: International Development Cooperation Institutions

**INGO**: International NGO

**IO**: Intermediate Organization

**IPO**: International Peoples Organization

**LDA**: Local Development Association

**LINGO**: Little NGO

**LO**: Local Organization

**MO**: Membership Organization

**MSO**: Membership Support Organization

**NGDO**: Nongovernmental Development Organization

**NGO**: Non-governmental Organization

**NNGO**: Northern NGO

**NPO**: Nonprofit Organization

**PDO**: Private Development Organization

**PO**: Peoples Organizations

**PSO**: Public Service Organization

**PVDO**: Private Voluntary Development Organization

**PVO**: Private Voluntary Organization

**QUANGO**: Quasi-NGO

**SNGO**: Southern NGO

**INGO**: International NGO

**TNGO**: Transnational NGO

**VALG**: Voluntary Agency/Organization

**VDA**: Village Development Organization

**VI**: Village Institution

**VNPO**: Volunteer Nonprofit Organization

**VO**: Voluntary Organization

### Examples:

**BONGO — THE SHELL FOUNDATION**

The Shell Foundation is established to support efforts to achieve a balance between economic growth and care for the environment and equitable social development - the goal of sustainable development. The Foundation's focus on sustainable development is based upon the Shell Group's belief that the long-term health and prosperity of societies of which it is part, and its own future, depends on the ability of all stakeholders, worldwide, to attain such balance.

**ENGO — THE NATURE CONSERVANCY**

Since 1951, we've been working with communities, businesses and people like you to protect more than 92 million acres around the world. Our mission is to preserve the plants, animals and natural communities that represent the diversity of life on Earth by protecting the lands and waters they need to survive. (http://nature.org/)
GONGO — US INSTITUTE OF PEACE
The mission of the United States Institute of Peace is to strengthen the nation's capabilities to promote the peaceful resolution of international conflicts. The United States Institute of Peace is an independent, nonpartisan federal institution created and funded by Congress to strengthen the nation's capacity to promote the peaceful resolution of international conflict. Established in 1984, the Institute meets its congressional mandate through an array of programs, including grants, fellowships, conferences and workshops, library services, publications, and other educational activities. The Institute's Board of Directors is appointed by the President of the United States and confirmed by the Senate.

MO — SIERRA CLUB
Sierra club is the non-profit membership organization; promotes conservation of the natural environment by influencing public policy decisions; practices and promotes responsible use of the world's ecosystems and resources; involved in campaigns, local-level activism, public education, outings and production of numerous publications. (http://www.sierraclub.org)

INGO — CENTRAL ASIA INSTITUTE
Central Asia Institute (CAI) is a registered 501 (c) 3 non-profit organization, started in 1996. Central Asia Institute promotes literacy, women's vocational skills, and awareness of public health and environmental issues through community initiated education programs in mountain regions of Central Asia. (http://www.ikat.org)

TNGO — CANADIAN FOUNDATION FOR THE AMERICAS
The Canadian Foundation for the Americas (FOCAL) is an independent, non-governmental organization dedicated to deepening and strengthening Canada’s relations with countries in Latin America and the Caribbean through policy discussion and analysis. FOCAL’s mission is to develop a greater understanding of important hemispheric issues and to help build a stronger community of the Americas. (http://www.focal.ca)
II. NGO Managerial Data Collection and Analysis Methods

(This section is extracted from Courtney, 2002)

i. How to measure success

We usually have no difficulty coming to a view as to whether organizations we know well are effective or not. It is important for organizations themselves, not to mention their funders and users, to get a clear idea about the effectiveness of the organizations with which they are involved, or fund. Then, We explore the concept of organizational effectiveness.

a. Achieving goals

The early explorations of the concept of organizational effectiveness tended to resolve around a rational goal-seeking entities paradigm that postulates that organizations are rational goal-seeking entities that process inputs to create outputs to achieve these goals. The particular effectiveness models suggested within this paradigm have included mission accomplishment and goal attainment.

b. Value for money

This was also concerned with outputs, but was equally concerned with inputs and the relationship between the two. This is sometimes called cost-effectiveness, efficiency, or value for money.

c. Economy

In assessing economy the important consideration is the cost of the various inputs, and particularly whether the cost could be, or could have been, reduced. Unlike the efficiency approach, no comparison is made with the number or quality of outputs or outcomes.

d. Equity

Any measure of voluntary nonprofit effectiveness need to also contain a measure of equity, i.e. the extent to which the service meets the expectations or needs of those in greatest need, or of those who tend to be socially excluded because of gender, significant monitoring of beneficiaries to assess the extent that equity has been promoted.
e. Measuring internal processes

Particular where it is not possible to develop goal attainment output or outcome indicators, some researchers favor the development of internal process measure of organizational effectiveness other than efficiency or economy. ‘Processes’ can include all the activities that translate the input resources into outputs and eventually outcomes.

f. Resource acquisition

The system-resource approach argues that all organizations need to be adaptable and acquire resources from outside in order to survive. Its ability to acquire these resources is therefore an appropriate measure of effectiveness in sustaining their own functioning.

ii. Decision-process model

In the decision-process model, the effective organization is the one that optimized the processes for getting, storing, retrieving, allocating, manipulating and discarding information. However, the organization might be excellent in the information-decision function, but provide a poor service to its beneficiaries, quantitatively or qualitatively. It is also difficult to see how such a model might be operationalized, or how organizations might be compared.

a. Multiple constituency approach

In the multiple constituency approach, the diversity of perspectives of the various stakeholders (clients, funders, board members, volunteers, staff, etc.) is recognized (particularly that of the dominant coalition) and is used positively to define the criteria with which the organization will be evaluated. The weakness of the approach is that it provides no way of determining the particular weight that should be given to any particular constituency or group of stakeholders.

b. Political approach

The political approach starts from the bases of limited resources, conflicting priorities, unequal power, and the formation and dissolution of coalitions. Organizations, as viewed through the political frame, are seen as 'alive and screaming' political arenas that house a complex variety of individual group interests. Understanding the relative power positions of each of these various stakeholders can provide a salutary dose of reality to
the process of determining organizational goals, the methods to achieve them and how achievement will be measured.

c. The symbolic frame

The symbolic frame is more interested in exploring organizational myths, symbols, culture and rituals that legitimize the organization internally and externally. In this view, the concept of organizational effectiveness is a myth created through organizational ritual to help legitimize the organization internally and externally. In common with the social constructionist perspective, what an event means is more important than what actually happened the same event can have completely different meanings for different people.

iii. Overarching models

The various concepts discussed above are not necessarily conflicting. Various attempts have been made to develop an overarching model that can encompass a number of these different concepts. Kushner and Poole (1996), having reviewed the literature on organizational effectiveness, suggested a general model of voluntary nonprofit effectiveness with five key elements: constituent satisfaction, resource acquisition effectiveness, internal process effectiveness, goal attainment and organizational effectiveness.

![Fig.1 General model of NGO effectiveness](image-url)
III. NGO Managerial Information Synthesis and Evaluation

(This section is extracted from Courtney, 2002)

Unlike the situation of a decade ago, organizations can now choose from a range of useful frameworks designed for the board and staff of voluntary nonprofit organizations to review their organizations. Alternatively they can use some of the more general well-tested tools and techniques (some of which have already been mentioned in this book) that are available as a result of previous thinking and practice in other sectors about strategic planning.

i. Mandate analysis

Mandate analysis is a process of exploring the written documents that exist in support of the mission of the organization. These documents can be used by the board and staff to explore the fundamental bases for the organization's mission, to understand the extent and nature of the need that the organization is concerned with, and to reflect on the distinctive competencies of the organization. These are all important in considering the appropriate strategies for the future.

ii. Stakeholder analysis

Stakeholder analysis refers to a range of tools for the identification and description of stakeholders on the basis of their attributes, interrelationships, and interests related to a given issue or resource. The term transcends several fields of study, including business management, international relations, policy development, participatory research, ecology, and natural resource management. It is rather vague as it is often mentioned loosely without specific indication of the context.

"Stakeholder analysis can be defined as an approach for understanding a system by identifying the key actors or stakeholders in the system, and assessing their respective interest in that system" (Grimble et al. 1995, pp. 3–4). This definition is useful in that it defines stakeholder analysis as a natural resource management approach and acknowledges its limits — it cannot be expected to solve all problems or guarantee representation (Grimble and Wellard 1996). Stakeholder analysis is not only concerned with internal analysis, as the stakeholders will include both internal and external players, who will have views about both the internal aspects of the organization and the implications of changes in the external environment.

Examples of analytical tools used in stakeholder analysis:
A typology of tree resource stakeholders in Thailand on a macro- to microcontinuum (Grimble et al. 1995), followed by another matrix classifying the trade-offs and conflicts at each level (Grimble et al. 1995);

A listing of stakeholder types, coupled with a description of their composition and sensitivities to changes in forestry projects (Hobley 1996);

Checklists for identifying stakeholders and for drawing out interests, followed by a summary of stakeholders, interests, and the potential of a project impact on each (ODA 1995);

Stakeholders and a scored ranking on several dimensions: proximity to forest, preexisting rights, dependency, indigenous knowledge, culture–forest integration, power deficit (Colfer 1985);

Matrices showing stakeholders vis-à-vis the “4R framework” referring to responsibilities, rights, revenues, and relationships (Dubois 1998); and

Predicting actor behaviour on the basis of actors’ preferences assigned to actions and outcomes; how they acquire, process, and apply information; the criteria they use in deciding what course of action to follow; and the resources each actor brings to a situation (Ostrom et al. 1994).

iii. Portfolio analysis

Portfolio is the technological innovation projects and the form of acquisition (internal development vs. external sourcing). The procedure of portfolio analysis is as follows. A manager in a company conducts a yearly exercise to analyze the projects that his division is undertaking, and to review new project proposals proposed by division staff. The aim is to decide upon the next year's portfolio of projects, such that the portfolio is aligned with the strategic direction of the division, as well as identifying any resource or skills that need to be developed or brought in order to meet the needs of the portfolio.

This is the example of portfolio analysis. The first step for R&D&E projects, this essentiality means deciding whether to develop internally or resort to external sources. There are various ways of acquiring technology from external sources.

The main evaluations of internal development are the following:

- internal development (i.e. acquiring competence through internal R&D projects),
research consortia,
contract research with a research institute or university
acquisition of firms with the required competences,
licensing
internal ventures, i.e. creating internal groups separated from the rest of the organization: these will be devoted to development of new businesses based on technologies available,
joint ventures or other forms of alliances, and
hiring human resources with the required capability.

The main evaluations of external development are the following:
availability of external sources (indicated in the competitive impact analysis for each technology)
availability of the technology for acquisition at a price that allows adequate return for the company.
demands and restrictions imposed by the licensor,
time-frame demanded by the company strategy: forms of technology acquisition such as firm acquisition or licensing clearly allow certain technology to be acquired very quickly,
appropriability (i.e. extent to which a certain technological knowledge needs to be kept proprietary and made difficult to imitate): where there are strong appropriability problems, internal development is safer that resorting to external sources.
degree of familiarity of the firm holding the technology: a low familiarity with technological competences required to develop a certain technology forces acquisition from external sources, and degree of familiarity of the firm with the market (if the investment into a new technology implies new product line creation): again, a low familiarity with the activities suggests going external.
The second step is to interpret the result of evaluation. In a simple matrix, external effectiveness is seen as a function of the industry’s market growth, while internal effectiveness is viewed as a function of relative market share (Fig.2).

<table>
<thead>
<tr>
<th>High Market Share</th>
<th>Low Market Share</th>
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<tbody>
<tr>
<td>High Market Growth</td>
<td>Stars</td>
</tr>
<tr>
<td>Low Market Growth</td>
<td>Cash Cows</td>
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Fig.2 Portfolio Matrix

In its simplest form, portfolio analysis involves allocating each program of the organization to one of the following categories:

- **Star**—the kind of innovative program that is generating increasing interest from the public and funders.
- **Cash Cow**—a popular program that receives significant support and funding.
- **Question Mark**—a program that needs re-evaluating to see in which of the other categories it best fits.
- **Dog**—a program that is clearly past its sell-by date and should be cancelled.

On the basis that most products and services, including those provided by the voluntary sector, follow the lifecycle of a normal distribution curve, at any point in time it is likely that any service is likely to be at one of the following stages:

1. growth stage (Star) and needs to be invested in;
2. mature stage (Cash Cow) and currently requires little attention;
3. in decline (Dead Dog) and should probably be wound up;
4. unclear what category the activity should fall into (Question Mark) and therefore in need of further investigation.
Dogs should be divested. Resources should move from the “cash cows” to the “stars”; if warranted, investments should be made in the “question marks.”

Reference

Courtney, R., 2002, Strategic management for voluntary nonprofit organizations, Routeledge, NY.