RESEARCH ARTICLE

GOVERNANCE IN NON-GOVERNMENTAL ORGANIZATIONS

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The Good governance in the Non-Governmental Organizations (NGOs) is about both achieving desired results and achieving them in right way; that is, in a way consistent with normative values of democracy and social justice. NGO board members are responsible for defining the organization’s mission and; for providing overall leadership and strategic direction to the organization. Now-a-days, NGOs face serious challenges to create a better public understanding of its functions and role, due to their failure in good governance practices especially in Tamil Nadu State of India. To identify the NGOs’ existing governance practices such as, governance model development, mission, strategic plan, value statement etc., the researchers categorized the organizations into various status namely, International, National, Regional and Local based on their servicing geographical areas and identified their practices. The result implies that majority of the International and National level NGOs’ practices are some what better. But the Regional and Local level NGOs do not understand that Governance is their road map. The current study suggests the NGOs governing bodies to reconsider their mental outlook towards good governance practices.

Key words: Governance, Mission, Strategic Plan, Value Statement, NGOs.

INTRODUCTION

Non-Governmental Organization (NGO) is defined as, “a trust, company or other association of persons established for a common purpose and the income and property of which are not distributable to its members or office-bearers except as reasonable compensation for services rendered”. An NGO is any non-profit, voluntary citizens’ group which is organized on a local, regional, national or international level. Task-oriented and driven by people with a common interest, NGOs perform a variety of services and humanitarian functions, bring citizens concerns to Governments, advocate and monitor policies and encourage political participation through provision of information. They only have to be independent from government control, not seeking to challenge governments either as a political party or by a narrow focus on human rights, non-profit-making and non-criminal.

There is a substantial growth of NGOs in India after independence. NGOs today are facing pressures to be more accountable and transparent, which has had a profound impact on discussion of appropriate governance practices. US President Barak Obama said that Development depends on good governance, and that is the ingredient which is lacking in far too many countries. Good governance in the NGOs is about both achieving desired results and achieving them in right way; that is, in a way consistent with normative values of democracy and social justice. NGO board members are responsible for defining the organization’s mission and; for providing overall leadership and strategic direction to the organization. Now-a-days, NGOs face serious challenges to create a better public understanding of its functions and role, due to their failure in good governance practices. To identify the NGOs’ existing governance practices, the researchers categorized the organizations into various status namely, International, National, Regional and Local based on their servicing geographical areas in Tamil Nadu state of India and identified their practices. By outlining the issues and challenges faced by NGOs and describing successful governance practices within the sector, this study provides an opportunity for organizations across the sector to learn from one another.

NGOs and Governance Practic

The voluntary sector has gained more prominence and cohesion as a sector, it has captured the attention of governments, educational institutions, business and the public at large. There has been not only considerable interest from the academic research community, but also many professional associations, leadership organizations, and networks have dedicated significant resources to understanding and improving board governance. With this perspectives the following literature are reviewed.Mel
Gill (2001) states that management is not governance it is about steering the organizational vehicle.

It is knowing the road map, examining alternative routes, selecting the course ensuring efficient resource consumption, and good vehicle maintenance, regularly assessing progress and travel condition, adjusting course when advisable or necessary, and providing periodic travel to the crew passengers and board. According to Mel Gill, Governance is about vision (planning for the future), destination (setting goals and providing a general ‘road map’), resources (securing the resources necessary to achieve the goals or research the destination), monitoring (periodically ensuring that the organizational vehicle is well-maintained and progressing, within legal limits, towards its destination) and Accountability (ensuring efficient use of resources, reporting progress and detours to stakeholders).

Transparency of communication involves holding formal orientations, sharing relevant financial information with the entire board, specifying and respecting term limits (Volunteers Canada, 2002), and regularly evaluating board’s skill against a long-range plan. It is often the case that with changing circumstances, the board may require adding new skill sets and possibly different board members (Princess Margaret Hospital Foundation and CCAF, 2001). As noted in the Public Policy Forum (2002), it is now widely accepted that boards determine the competencies, skills and personal qualities required in new board members, giving due regard to diversity in background and experience. In a study, Gill (2001) stated that not only external factors influence non-profit board governance practices in Canada, the relationship between organizational characteristics of a non-profit and its governance forms, internal factors also has a significant role to play in determining governance regimes of non-profit organizations.

Key writers on non-profit management such as Carver (1990), Houle (1989), Fram and Pearce (1992), Powell (1995) and Wright (1992) all provide advice as strategies for management and governance based on the governance policy which look at the board’s role as a trustee on behalf of its communities and the board’s need to ensure responsivenes to these stakeholders through the articulation of a clear vision and set of values. Research is being conducted to explore the correlates of effectiveness of boards and while no clear conclusions have emerged there is a growing sense that the dynamics are more complex than the normative literature might suggest. For example, the effectiveness of the board’s life-cycle (Dart et al., 1996; Wood, 1995; Mathiasen, 1990; Born, 2000) and/or the distribution of power between the board and the staff (Murray et al., 1992), and/or the agency’s culture and organizational structure (Harris, 1989).

According to Bradshaw (2000) and others’ perspectives there are certain governance function which must be fulfilled by the non-profit. According to them it does not matter what group performs the governance functions as long as the functions are being performed. The allocation of responsibility for governance function can thus evolve and change as the organization evolves and as the needs of relevant stakeholders and organizational members change.

According to Ostower and Stone, 2001; Widmer and Houchin, 2000; Chait, Ryan and Taylor, 2005, when combined with the needs to adequately ensure that the legal responsibilities of boards are fulfilled, this perspective suggests the non-profits to be more flexible in shaping and allocating the governance function. The ongoing need to ensure that the functions or governance are always being fulfilled adequately by someone or group in the organization.

Governance model should be developed based on the internal and external environmental issues and such environmental practices to be centralized and well documented in the NGOs (Kamaraj and Pragadeeswaran, 2009). After all, given the ubiquitous focus of most NGOs on a variety of social values (Reed, 1997; Lohmann, 1992) one would intuitively expect organizations’ internal and external environmental concern and action to be broadly based. Further, more contribution given the significant size and importance for voluntary sector governance model development (Hall and Banting, 2000; Van Til, 1994; Gladwin et al., 1995), about the role of NGOs in environmental issues (Turcotte, 1996) and about the leadership dynamics (Egri and Herman, 2000). Dart (2003) has directly discussed the governance model development and began preliminary explanation of the determinants of internal and external issues.

Further most of the researchers map out in the same perspectives such as social accounting (Quarter and Mock et al., 2003); planning and reporting (Mowat, 2002), responding to stakeholder demands (Abzug and Galaskiewicz, 2001; Axelrod, 1994), best governance model development (Tyteca et al., 2002) and for ‘social audit’ approach (Mowat, 2002). The competing values frame work (Quinn and Rohrbaugh, 1981) identifies three dimensions (or set of values) that constitute organizational effectiveness. One dimension concerns the extent of structure, with high flexibility at one end of the continuum and high control at the other. A second dimension is “focus”, varying from an emphasis on the well-being and development of people to an emphasis on the well-being and development or the organization itself. The final dimension encompasses an emphasis on means (processes) and an emphasis on ends (final outcomes).

**MATERIALS AND METHODS**

This study covers the NGOs functioning in the whole of Tamil Nadu state of India. For the purpose of the present study, based on the scope, the organizations have been classified as Local, Regional, National and International, the criteria followed for this classification is the region, in which the NGOs in Tamil Nadu state are working. The organizations working within a district of Tamil Nadu state, the organizations working in two or more districts of Tamil Nadu state, the organizations working in two or more states of India and the organizations which are the branches of International voluntary organizations, are
named Local, Regional, National and International respectively. A pre-tested tool edited by U.S. Non-Profit Management Researcher Carter McNamara (1995) has been used for data collection with some modifications according to the study area context. Also, a pilot study was conducted with a sample size of 32 NGOs. The Chronbach $\alpha$ is found to be more than 0.7 (seven-tenths of one percent) which satisfies the criteria suggested by Ernest A. Blaisdell (1993). The tool consists of four important statements regarding Governance practices and three ratings for the statements are Practiced, To be Practiced and Not Applicable. Practiced implies that the work has been done towards achieving the goal; To be Practiced means, the organizations accepted to be done in future; and Not Applicable implies that the organization is not sure to apply.

Sample design

For the purpose of data collection, study area Tamil Nadu state has been divided into four regions namely, East, West, North and South based on the different kinds of services provided by the NGOs. Non-probability convenience sampling method has been adopted for the research, because the target population is scattered all over Tamil Nadu state. According to the NGOs Associations namely, Social Action Movement (SAM), Tamil Nadu Federation of Voluntary Agencies (TAFVA) and Department of Social Welfare, Government of Tamil Nadu, there are about 12,000 NGOs functioning in Tamil Nadu state. To identify the better service providing NGOs, the researchers have considered the criteria like, (1) Number of NGOs actually functioning during the study period; (2) Length of service (at least five years); (3) Legally registered; (4) Employing at least 25 full-time paid employees; (5) Annual audit of financial accounts; and (6) Annual budget minimum of Rs.2 Lakhs; 5 Lakhs; 10 Lakhs; and 20 Lakhs for Local, Regional, National and International level NGOs respectively are considered. After the scrutiny, the researchers have arrived about 3,000 NGOs as the population size of the study. A sample size of 300 NGOs’ (10% of the population) governing bodies (President / Secretary / Director) in various statuses namely Local, Regional, National and International are surveyed to examine the existing Governance practices in their organizations.

RESULTS AND DISCUSSION

The extent of adoption of various Governance practices by International, National, Regional and Local NGOs are reported in this section. The number of Local, Regional, National and International NGOs selected for the present study are presented in Table 1. This section also discusses the results of governance practices which have been proposed in this study. The variables are (1) Governance Model Development, (2) Practices of Mission Statement, (3) Adoption of Written Strategic Plan and (4) Maintenance of good value statement.

**Governance Model Development**

The Table 2 shows the status-wise NGOs and their Governance Model Development based on their Internal and External Environment.

<table>
<thead>
<tr>
<th>Status of Organization</th>
<th>The Governance model developed by researching the internal and external environment</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>Practiced: 6, To be practiced: 25, Not applicable: 49</td>
<td>25.00</td>
</tr>
<tr>
<td>Regional</td>
<td>Practiced: 42, To be practiced: 76, Not applicable: 22</td>
<td>43.30</td>
</tr>
<tr>
<td>National</td>
<td>Practiced: 34, To be practiced: 26, Not applicable: 6</td>
<td>30.00</td>
</tr>
<tr>
<td>International</td>
<td>Practiced: 15, To be practiced: 5, Not applicable: 20</td>
<td>6.67</td>
</tr>
<tr>
<td>Total</td>
<td>Practiced: 97, To be practiced: 132, Not applicable: 71</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Figures in the parentheses are percentage of row total.

The above Table reveals various statuses of NGOs categories namely Local, Regional, National and International and their governance model development by researching the internal and external environment. More than half (56.70 per cent) of the National level and 75.00 per cent of the International level, 30.00 per cent of the Regional and only 7.5 per cent of the local level NGOs have developed their governance model by researching the internal and external environment.

Among the NGOs, one-third (32.33 per cent) of them have such practices, merely a half (44.00 per cent) are understood and have the plan after having the discussion with the researcher. Out of 44.00 per cent of the NGOs in the category to be practice, one-forth (25.00 per cent), 43.30 per cent, 54.30 per cent and 31.30 per cent of the NGOs levels such as the International, National, Regional and Local have shared their existing practices and accepted to be practiced. But unfortunately, the Regional (15.70 per cent) and majority of the Local (61.30 per cent) NGOs have not developed such governance model development practices. Especially, they are governing their organizations on the basis of their trial and error methods. Hence, the above practice is not applicable to them.

In general, most of the NGOs have expressed frustration that it is too complex to understand and implement, requires too much time and training, creates too much distance between the board and organization and erodes board control and accountability. This result is similar in line with the findings and discussion of John Carver (1990).
Practices of Mission Statement

The Table 3 shows the result of the different NGOs status in terms of their Mission Statement Practices.

<table>
<thead>
<tr>
<th>Status of Organization</th>
<th>The organization practices with clear mission statement which reflects its purposes, values and people served</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Practiced</td>
<td>To be practiced</td>
</tr>
<tr>
<td>Local</td>
<td>(26.30)</td>
<td>(56.30)</td>
</tr>
<tr>
<td>Regional</td>
<td>(33.60)</td>
<td>(45.00)</td>
</tr>
<tr>
<td>National</td>
<td>(46.70)</td>
<td>(53.30)</td>
</tr>
<tr>
<td>International</td>
<td>(100.00)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>(38.70)</td>
<td>(46.70)</td>
</tr>
</tbody>
</table>

Figures in the parentheses are percentage of row total.

The above Table represents the mission statement of the different statuses of NGOs. More than one-third (38.70 per cent from overall) of the NGOs practices with a clear mission statement which reflects its purposes, values and people served. Merely a half (46.70 per cent) of the NGOs have a plan to write a clear meaningful mission statement and only 14.70 per cent of the NGOs have no idea about the mission statements. The above Table also reveals that the whole International (100 per cent); 46.70 per cent of the National; 33.60 per cent of the Regional and 26.30 per cent of the local level NGOs having the clear mission statements and their practices reflect purpose, values and also which is people served. The National (53.30 per cent), Regional (45.00 per cent) and Local (56.30 per cent) level NGOs have agreed to be practices with clear mission statement in future. But the above practice is not applicable for the Regional (21.40 per cent) and Local (17. per cent). Flink, 1989; Hall, 1990; and Middleton, 1987 have experienced with such research experience.

Adoption of Written Strategic Plan

The Table 4 shows the result of the different NGOs status in terms of their Adoption of Written Strategic Plan to achieve their organizational Mission.

<table>
<thead>
<tr>
<th>Status of Organization</th>
<th>Adoption of written strategic plan to achieve organizational mission</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Practiced</td>
<td>To be practiced</td>
</tr>
<tr>
<td>Local</td>
<td>(8.80)</td>
<td>(26.30)</td>
</tr>
<tr>
<td>Regional</td>
<td>(22.10)</td>
<td>(55.70)</td>
</tr>
<tr>
<td>National</td>
<td>(32)</td>
<td>(28)</td>
</tr>
<tr>
<td>International</td>
<td>(45.00)</td>
<td>(40.00)</td>
</tr>
<tr>
<td>Total</td>
<td>(26.30)</td>
<td>(45.00)</td>
</tr>
</tbody>
</table>

Figures in the parentheses are percentage of row total.

It is very clear from the above Table that the written strategic plan has adopted by the 26.30 per cent, 45.00 per cent to be practiced and for 28.70 per cent not applicable such practices among the different categories of overall NGOs. From this result, it is clear that almost one forth of the NGOs (26.30 per cent from overall) only adopted such written strategic plan. Normally, strategic planning process has four components such as manage and direct the process, ensure stakeholder participation, implement the strategy, and monitor and evaluate the effectiveness of the strategy. The written strategic plan must be a living document. In this study, more than half (53.30 per cent) of the National level and 45.00 per cent of the International level, 22.10 per cent of the Regional level and only 8.50 per cent of the local level NGOs have adopted the written strategic plan. In general the researcher perceived that most of the NGOs being maintained such strategic plans as their tactic to act upon the environment. Hence, it is not in the written format. This result is similar in line with the findings of Susan Dallhoff et al. (2006).

Maintenance of Good Value Statement

The Table 5 reflects the result of the different NGOs status in terms of their practice in having a value statement for effective governance.

<table>
<thead>
<tr>
<th>Status of Organization</th>
<th>The organization has a value statement which is reflected in the activities and is communicated by its members</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Practiced</td>
<td>To be practiced</td>
</tr>
<tr>
<td>Local</td>
<td>(7.50)</td>
<td>(42.50)</td>
</tr>
<tr>
<td>Regional</td>
<td>-</td>
<td>(69)</td>
</tr>
<tr>
<td>National</td>
<td>(66.70)</td>
<td>(33.30)</td>
</tr>
<tr>
<td>International</td>
<td>(100.00)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>(22.00)</td>
<td>(41.00)</td>
</tr>
</tbody>
</table>

Figures in the parentheses are percentage of row total.

NGOs should act with the utmost professionalism and treat all persons equally and with respect. They should regularly monitor the satisfaction of service participants as well as other parts of the organization’s constituencies and provide a grievance procedure to address complaints. Also, should practice with continuous quality improvement that is reflected in the activities. In light of the above view, the whole International (100 per cent); majority of the National (66.70 per cent), only 7.50 per cent of the local level NGOs have reported that they have such practices. One-third of the National (33.30 per cent), merely a half (49.30 per cent) and 42.50 per cent of the local level NGOs have such plan to be practiced. The Regional and Local level have equal representation (fifty per cent) for not having awareness about such value statement. Hence, such practice is not applicable to them.
Thus overall result shows that only 22.00 per cent of the NGOs have a value statement which is reflected in their activities and is also communicated by its members for successful governance. Quinn and Rohrbaugh (1981) have experienced the responses with the above proportion in their study.

**SUGGESTIONS**

Based on the above findings, the authors have provided some essential suggestions to the NGOs to follow for the effective governance.

1. NGO boards should be comprised of individual volunteers who are committed to representing the best interests of the organization and its mission.
2. The members of the NGO boards should be committed to the mission and dedicated to the success of the NGOs.
3. The governance board members should actively develop an understanding of the mission, ongoing activities, finances and operating environment of the organization.

**CONCLUSION**

Effective governance practices of NGOs depends on the board members responsibilities in the areas of Planning; regular review of performance, setting of compensation structure for employees, fund raising and financial management. Governance is essential for creating successful organizational results. Thus it is understood from the above study that International, and National level NGOs governance practices are better than the Regional and Local NGOs practices.

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