Challenges of growth and change in NGOs: comparison of leadership and management strategies

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ISSN 1443–6698

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Abbreviations

CBO community based organisation
NGO non-government organisation
MC management committee
NWFP North West Frontier Province
US United States
This paper sets out to explore the challenges associated with growth and change in non-government organisations (NGOs) and to research the strategies adopted by NGO leaders to deal with these challenges. The research tries to unfold the complexities associated with varied processes of growth and change and varied approaches for handling them through examining four Pakistani NGOs. All were in the process of experiencing and handling the emerging challenges of growth and change.

The present research paper was designed to address three key areas: types of growth and change, challenges of growth and change, and analysis of strategies adopted by NGO leaders for dealing with the challenges of growth and change. The research analyses the situation in general and then focuses on the experiences of four Pakistani NGOs in particular. This allows comparison and analysis of the challenges associated with the growth and change in NGOs identified in other empirical studies.

Four NGOs were chosen from different parts of Pakistan. Interviews were conducted with leaders of the sample NGOs and other NGOs, as well as some donors. Focus group discussions were also held with staff of the sample NGOs. Access to NGO documentation was provided and this allowed further investigation of how the organisations saw their problems.

**Growth and change in the NGOs: an overview of each NGO**

All the NGOs were experiencing growth and change in both program and organisation at the time of research. Table 1 shows a summary of information about each NGO.

**An overview of BELI**

BELI was founded in April 1980 by Dr Shah, who remained leader of the NGO until 1995. The genesis of the project was the attempts of an international bank to undertake some social welfare activities in the largest squatter settlement of a metropolitan city. The bank approached Dr Shah, renowned as ‘one of the outstanding social scientists’ (Hasan 1999:9) in Pakistan, for help. Both parties agreed that BELI would be a research and extension education organisation, which would promote community organisations to mobilise available resources for undertaking development activities in the area.

The role of BELI was to provide education and guidance to communities to analyse the core problems of their area and identify viable solutions, and then to help those communities implement the solutions they had identified using their own resources and under their own management. The basic philosophy behind this role was that, because they lacked the capacity, NGOs could not replace government organisations. Therefore, the role of the NGO should be to facilitate the creation of viable development models that could easily be ‘integrated into the planning mechanisms of the government’ (Hasan 1993:2).

The first year was spent on understanding the slum area, analysing the core problems and identifying viable solutions for the priority issue of sanitation. A low cost sanitation program was initiated in 1981 and provided a role model for local resource mobilisation and formation of street organisations in the rest of the area. The program gradually expanded from the low
cost sanitation program to a women entrepreneurs program in 1984 and a health and family planning program in 1985.

BELI’s experience and understanding of the area and its problems led it to expand further to support family enterprises through microcredit (starting in 1987) and low cost housing (starting in 1988).

To ease the management difficulties given the increasing number and scope of activities, BELI was upgraded into four autonomous institutions\(^2\) registered under the Pakistan’s laws relating to NGOs in 1988. This altered the role of BELI which became a channel for disbursing funds received from the bank to each autonomous institution. The leadership of these four institutions was distributed among the core staff of BELI according to their area of competence. At present, each autonomous institution has an independent program, staff, board of trustees and budget, and also produces a consolidated quarterly progress report.

Each institution is maintaining the same philosophy, principles and systems as BELI. For example, the salary structure of BELI was always kept compatible with the government pay scale to ensure that no institutional impediment inhibited efforts to integrate the development model promoted by BELI into government planning mechanisms. Each institution continues the system of weekly staff meetings for sharing progress, discussing issues, consolidating learning and streamlining policies and strategies that was begun in BELI. The head of each institution is also a member of the board of trustees in the other institutions. For example, the Director of the Research and Training Institute is also a board member of the credit institution and health organisation. Meetings of the boards of trustees provide a forum for coordination, support and information sharing between the autonomous institutions.

After the formation of the four autonomous institutions in 1988, Dr Shah decided to reduce his role. Rather than managing the organisation directly, he moved to occupy more of an advisory role by making daily visits and sitting in a common place where staff would come and discuss issues with him. After 1995, Dr Shah increasingly confined his role to occasional visits and providing comments on progress reports. As part of this process of leadership

<table>
<thead>
<tr>
<th>NGOs</th>
<th>Date of Establishment</th>
<th>Sectors(^a)</th>
<th>Villages/settlement(^b)</th>
<th>Staff(^c)</th>
<th>Field offices(^d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROSHNI</td>
<td>1993</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>55</td>
</tr>
<tr>
<td>DASTAK</td>
<td>1986</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>110</td>
</tr>
<tr>
<td>BELI</td>
<td>1980</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>61</td>
</tr>
<tr>
<td>SANGAT</td>
<td>1998</td>
<td>1</td>
<td>10</td>
<td>300</td>
<td>580</td>
</tr>
</tbody>
</table>

Notes: \(^a\) The broad area of development interventions such as health or education; \(^b\) the geographical area where development interventions are undertaken; \(^c\) employed and paid by the NGO; \(^d\) the administrative and program units of NGOs for managing expanded interventions in different geographical areas. 

Source: Interviews and focus groups January–February 2002.
change, the leadership of each program was groomed through a gradual process of training and confidence building.

The present heads perceive weekly meetings as one of the mechanisms for staff professional growth. Indeed, Dr Shah used to relate micro level issues presented by staff to the national and international level realities. These meetings not only help in developing a shared vision of the organisation but also inculcate the ‘values of diligence, frugality, modesty, accountkeeping and transparency’ as some of the core values for working in the field of development (Hasan 1999:32). These meetings also helped develop a competent team capable of relating to each other’s work with no difficulty. Dr Shah died in 1999 and the present leadership now manages all four institutions independently. An overall Board of Trustees of the BELI Society meets every quarter to discuss the progress and policy level issues of each autonomous institution. Most of the members of the board of trustees have been with BELI for more than 15 years and have been providing technical expertise to BELI staff for their work since its inception.

In summary, BELI experienced an internally driven process of growth and change through experimentation and testing of new approaches and ways. The case of BELI is interesting in the context of this research as it has experienced program growth as well as leadership change.

An overview of SANGAT

SANGAT was initiated in 1987 when the geographical area in which SANGAT is located was declared severely affected by drought and famine. Lacking the necessary technical skills, the provincial government invited an international NGO—then working with Afghan refugees in the North West Frontier Province of Pakistan—to undertake a drought assessment study of the area. The assessment recommended a range of solutions, which included relief programs in the short term, rural development projects in the medium term and establishment of research and extension organisations in the long term to deal with the problems of the area.

The NGO, backed by the provincial government, initiated a relief program which included distribution of seeds, vitamin A capsules and a supplementary feeding program for the malnourished. The relief program was transformed into a rural development project in early 1989. The aim was to initiate various pilot projects with a research and extension focus that could tackle the problems of the area, which had emerged due to social, economic and demographic changes in the area as a whole.

An external evaluation was undertaken during 1992 to assess the impact of the relief and development phases after five years. One of the key recommendations of the 1992 evaluation was the transformation of the rural development project into a national NGO which could undertake research and extension in the area on a long-term basis. It was emphasised that the governance and decision making of the NGO should be given to existing local project officers and that the international NGO should gradually reduce its role and open the window for the application for financial support from other donors for the new NGO.

SANGAT really began in 1994 when a Pakistani project director was hired instead of an expatriate. During 1995, the name of
the project was changed from Rural Development Project to SANGAT Rural Development Program in preparation for its registration as a national NGO. A new donor began providing financial support for SANGAT in 1995 through a Memorandum of Understanding with the international NGO.

The program was expanded into Sustainable Land Use in an additional cluster of villages called the Unit. The Unit was fully supported by the new donor and created some confusion and tension among the staff, and caused severe differences to arise between the new donor and the international NGO concerning program ownership. It also caused severe instability in SANGAT, which led to the resignation of the project director in November 1995. The tension increased to the extent that SANGAT was almost closed down. It survived because of the dedication of some of the local staff. An interim management committee was created comprised of local project officers. They were made responsible for making operational decisions through consultative processes to fill the gap made by the departure of the project director.

The project took a clear and coherent direction towards the transformation of SANGAT into a national NGO in July 1996 with the induction of a new project director who was a native of one of the villages of the target area. Some drastic steps were taken by the new project director which included shifting the SANGAT office from the city to the project area, restructuring the organisational structure, introducing a culture of research and documentation, streamlining program strategies, systematic planning, monitoring, evaluation processes and staff capacity-building programs.

Though the organisation started functioning as an independent body during 1997, formal registration was extended to SANGAT in July 1998 under the Societies Registration Act 1860. The overall mission of the organisation is ‘to strive for prosperity by enlarging the choices of people in the target area, with equality and justice’ (SANGAT 2001:3).

The organisation has expanded not only its geographical area but has also added some new sectors and activities since its registration in 1998. At the time of registration, SANGAT was working in 300 villages, and this had increased to 580 villages by 2002. Similarly, the target sectors expanded from one to ten with varied interventions and a range of 19 donors. These included foreign donors, private sector organisations, local philanthropists and collaborative projects with government departments. By 2002, the number of offices had grown from five to nine and the number of staff from 38 to 81.

The organisation is governed by a voluntary board of directors that is elected by the general body and includes members from its constituency and intellectuals working in the field of development.

In summary, the case of SANGAT is important because no individual was involved as founder member. The organisation has been headed by different non-founding leaders, both expatriate and local. The process of growth and change has been internally driven, especially after the
transformation of the project into a national NGO. The transformation itself brought an array of challenges.

**An overview of DASTAK**

A young educated activist Syed Ahmad of Rangpur Sindh founded DASTAK in 1986 with the support of other like-minded activist friends. The initial vision of the organisation was to initiate a socio-political movement to enable people to get their rights. DASTAK did not involve external donors until 1990. All initial work was financed from the personal financial resources of Syed Ahmad and the contributions of target communities. DASTAK was formally registered in 1993 under the Societies Registration Act of 1860. The organisation began its operations in one village with the support of five volunteers. It is now working in 110 villages with the support of 52 paid staff in five offices.

The mission of the program is to ‘develop the community where all the human beings are equal...are not discriminated [against] on any basis and...enjoy social, political, economical and cultural rights for enrichment of their life’ (Annual Report 2000:2). DASTAK intends to achieve this vision by establishing an autonomous institution that involves the people of backward areas in self-reliant and sustainable development. At present, DASTAK has the financial support of five foreign donors and one local donor. Its main program activities include social organisation, agriculture and forest-related activities, credit and savings, enterprise development, mother–child health care and raising awareness on health issues. There has been no major shift in the organisation’s vision and program focus except that program interventions have become more diverse with the increased number of donors.

Syed Ahmad, the founder of DASTAK, remains head of the organisation. The main policymaking and decision making body of the organisation is the Board of Directors, 60 per cent of whom are technocrats and 40 per cent community members. Day-to-day operational decisions are made through a nominated Management Committee (MC), which includes all sector heads, the Program Coordinator and Executive Director.

DASTAK is an important case for study because of the experience of growth and change from the perspective of its founding leader. In summary, the overview of DASTAK shows that most of the programs were expanded with the availability of finance from donors. Therefore, the case provides an insight into challenges of growth and change resulting from an externally driven process.

**An overview of ROSHNI**

ROSHNI was founded in February 1993 by a group of three women to work on women’s issues and environmental development in the North West Frontier Province (NWFP) of Pakistan. ROSHNI is registered under the Societies Act 1860 and is governed by an elected Board of Directors. ROSHNI is financed by foreign donors for a number of projects in education, health, income generation and natural resource management. The present head of the organisation is Ms Nigah, one of the three founders of the organisation. The other two
founding members have no current association with the organisation in any capacity.

ROSHNI, which started with a volunteer base, now has 42 paid staff operating through one central and two regional offices. The initial geographical area included two villages, but at the time of research the physical projects were being implemented in 55 villages. The initial focus of the organisation was on raising awareness of environmental issues among women. This was later combined with service delivery projects such as the formation of girls’ schools, community health centres and extending microcredit to rural women.

As a women’s organisation ROSHNI attracted considerable attention among donors groups. In time, this attention allowed the organisation to expand its program into new sectors and geographical areas. In early 2002, seven foreign donors were financing a range of different activities undertaken by ROSHNI.

ROSHNI has undergone three management review exercises, two of which were initiated through supporting donor organisations. The third management review was followed by a strategic planning exercise which revised the present purpose, mission and objectives of the organisation. The revised aim of ROSHNI is ‘Empowered Women and Children, Strong Families and Progressive Society’. The revised vision (called mission in old documents) is ‘...To Develop And Sustain ROSHNI To Effectively Address Women And Children’s Needs’. Current activities and projects relate to micro-enterprise and credit, girls’ education, health care, social organisation and strengthening of community-based organisations.

In summary, the case of ROSHNI is important to study from the perspective of the founding leader. ROSHNI experienced growth and change through an externally driven process. Thus, it is important to analyse whether a different process of growth and change leads to similar challenges or different challenges.

The cases of ROSHNI and DASTAK are analysed from the perspective of the founding leader while the cases of BELI and SANGAT are analysed from the perspective of non-founding leaders.

**Types of growth and change experienced by the NGOs**

The analysis shows that the four NGOs have experienced four different types of growth and change. The NGOs with non-founding leaders grew by experimenting, researching and then consolidating on their experiences, while the NGOs with founding leaders expanded by tapping into available finances of donor organisations.

Table 2 indicates that only BELI has created independent program institutions. The popularity of their model placed pressure on the organisation to provide technical support to other organisations. BELI dealt with the increasing pressure by creating independent program institutions. They also assumed the additional role of becoming a technical advisor to all those organisations attempting to replicate the BELI model. BELI expanded through a process of small-scale experimentation to establish a model and then expand into other sectors. They did not, however, compromise
on their processes for working in the field and can thus be said to be an organisation which grew through an internally-driven process.

In contrast, ROSHNI and DASTAK increased sectors and geographical area through a process driven externally by donors. ROSHNI attracted the attention of donors because the focus of its activities was women whereas DASTAK attracted attention because it was a locally-based organisation working on the priority issues of donors—gender and social organisation.

SANGAT expanded to cover a large geographical area and many sectors to enhance its role in influencing policy. They adopted an internally-driven process by researching their internal organisational dynamics and the situation in the community. Although the process and reason for growth and change differs in each of the NGOs, they all face some common organisational challenges. Nevertheless, the differences in the strategies adopted by each leadership is noticeable.

Challenges of growth and change experienced by the NGOs

The research found that growth and change created a number of interrelated challenges. All four NGOs experienced challenges with maintaining program quality. These can be divided under three main headings:

- developing and maintaining a technically competent team
- developing systems, policies and procedures
- consolidating learning and experiences.

Similarly, all the NGOs faced problems with multiple accountability, as well as with program and organisational sustainability.

Although the above challenges were common to all four NGOs, the degree of these challenges varies amongst them. Figure 1 presents the core challenges of growth and change and their interrelationships. The discussion which follows considers these in detail.

**Maintaining program quality**

Maintaining program quality emerged as one of the core challenges for the NGOs. The NGOs confirmed that both geographical and sectoral expansion resulted in an increase in the size of the organisation thereby creating three key issues: developing and maintaining a technically competent team, developing systems, policies and procedures for the program, administration and finance, and consolidation of learning and experiences to maintain the program quality intact.

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**Table 2**

Types of growth and change in the NGOs

<table>
<thead>
<tr>
<th>Name of the NGOs</th>
<th>Increase in geographical area</th>
<th>Increase in sector</th>
<th>Addition of advocacy role</th>
<th>Creation of independent program units</th>
</tr>
</thead>
<tbody>
<tr>
<td>BELI</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>SANGAT</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>DASTAK</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>ROSHNI</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
</tr>
</tbody>
</table>

*Source: Interviews and focus groups January–February 2002*
These challenges are presented in Figure 2, while the management responses to each are discussed below.

**Developing and maintaining a technically competent team.** For all four NGOs, growth into new geographical areas and new sectors required hiring of new personnel, which created three key issues

- development of team members who understand and are adaptable to the philosophy and methodology of the NGO
- development of technical skills matching the emerging requirements from increasing sectors and geographical areas
- retention of a capable and trained team to maintain the continuity of the program and hence program quality.

So, apart from technical capability, the NGOs require a particular type of attitude and orientation. One interviewee stated that ‘it is not making of a coca-cola, which requires learning of a formula...working in NGO requires a commitment, rigor, enthusiasm and sacrifices for the cause’ (Interview, January 2002). The case of SANGAT confirms that they faced a problem retaining professional staff after its transformation from the project of an international NGO to being a national NGO in its own right. As an international NGO, it was able to attract competent professionals from different parts of the country to work in the desert area for higher salaries and benefits. The transformation of SANGAT into a national NGO reduced the salaries and benefits for staff and also lowered the status of the organisation and made it difficult to retain professionals, particularly those who did not belong to the area. ‘Regzar, being one of the most remote and disadvantaged regions in terms of government priorities with a distinct scarcity of infrastructure such as roads, electricity and logistics, did not have many educated and technically competent people’ (Interview, February 2002). Given these conditions, SANGAT obviously needed to be able to attract technically competent professionals.

Technical competence was, however, also significant. The leader of one NGO stated that most of the early volunteers did not have technical competence to match donor

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**Figure 1** Core challenges of growth and change and their interrelationships

![Diagram showing core challenges]

**Source:** Interviews and focus groups January–February 2002
expectations. (Interview, February 2002). Similarly, ROSHNI started as a women’s and environmental development organisation with a staff of dedicated amateurs. When it later expanded into education, income generation, micro-enterprise, health care, natural resource management and human and institutional development sectors, it needed to develop a cadre of technical teams who still retained the dedication required by the organisational philosophy. This double pressure on personnel led to some resignations, with one interviewee stating that ‘this is unfortunate for the NGO that staff turnover is very high by making it difficult for the organisation to keep the continuity’ (Interview, February 2002).

BELI also faced the problem of developing and maintaining a technically competent team. According to Hasan, one of BELI’s trustees, ‘it was not difficult to recruit staff for working with BELI…it was difficult to train the staff in understanding the BELI philosophy and in following its methodology…this became even more difficult once BELI’s work expanded beyond the initial target area’ (Hasan 2000:22). BELI found that it was difficult for experienced professionals to unlearn the conventional manner of doing things and adopt the philosophy and methodology of BELI. BELI staff recognised that maintaining program quality would depend on the availability of technically competent professionals able to adapt their attitude to fit the philosophy of the organisation.

**Developing systems, policies and procedures.** Developing systems, policies and procedures was also seen as crucial for maintaining program quality in the context of growth and change. The increase in activity portfolio and geographical areas

**Figure 2 Key issues associated with the challenge of maintaining program quality**

![Diagram showing the key issues associated with the challenge of maintaining program quality]

**Source:** Interviews and focus groups January–February 2002
created a need for formalising systems, policies and procedures for key areas—such as program administration and finance—to ensure proper management.

As the NGOs grew, their initially informal systems of planning, implementation, monitoring, evaluation and reporting collapsed. The NGOs faced delays in decision making and often had problems maintaining the culture of participatory decision making. For example, one interviewee stated that ‘the first program expansion into the education sector resulted in the addition of 30 more villages and a separate project team who used to meet on a weekly basis to discuss operational issues separate from other old staff, which created a feeling of annoyance among other old staff’ (Interview, January 2002). As the organisation grew, problems of communication and coordination arose between field offices and central office staff and between coordinators of varying sectors. Systematic approaches—such as documenting field strategies, allocating a responsible competent team, developing work plans and undertaking systematic research for collecting poverty and area profile data so that program targets could be set in line with the existing situation—were necessary for program operation across larger areas. All of these problems created the need for systems, policies and procedures for planning, implementation, monitoring, evaluation, personnel, administration and finances to deal with the emerging requirements of growth and change.

This has also created the need for increased logistic support. For instance, one of the leaders stated that appraising the performance of staff was not an issue in the early days because the smaller numbers of staff were able to meet on a daily basis to share each other’s progress and discuss key issues. The increase in the number of staff and offices made it difficult to meet daily, thereby creating a challenge for maintaining a certain level of checks and balances in monitoring staff performance and progress of the program (Interview, February 2002).

Thus greater diversity in staff and projects raised problems of maintaining program quality, which required a more sympathetic style of management.

**Consolidation of learning and experiences.** The program expansion created a challenge for consolidation of program impact through regular review and evaluation mechanisms to maintain program quality. In NGOs, research and documentation provides basic guidance for understanding the organisational mandate. The organisational documentation also provides staff with a means of maintaining organisational coherence and program quality. Consolidation of learning and experiences facilitates the improvement of the performance of the organisation. The growth of NGOs presented a challenge to the leadership to maintain a certain level of research-based documentation. The heavy reliance of this study on interview material shows how difficult this systematic documentation of activities was for the four NGOs.

Two of the four NGOs were faced with issues arising from the consolidation of learning and experiences. Interviewees reported that the planning was done on a project to project basis because different
donors had different cycles for approving projects. Therefore proposals were developed and submitted to donors and operational plans were not developed until the approval was given by the donors. Program monitoring was done through progress-sharing meetings and field visits. These, however, focused mainly on the accomplishment of activities for preparing a progress report for the donor, rather than on the new knowledge gained from organisational experience in the field.

One of the NGOs had not even been able to begin producing organisational progress reports due to a lack of time. The staff found themselves very busy in fulfilling donors’ requirements, so reflection and learning from experience were not on their list of priorities (Focus groups, January 2002). These limited efforts to consolidate learning and experiences resulted in ad hoc operations lacking strategic thinking and hampering program quality.

### Multiple accountability

Another challenge for growing NGOs was increased accountability to an increased number of stakeholders. 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 1996). The NGOs identify donors, government departments and constituency as three key stakeholders to whom they are accountable directly. Figure 3 shows the interrelationship of key stakeholders in NGOs.

Interviews and focus groups in the NGOs unanimously responded that accountability to donors was a significant pressure because it was important for maintaining their credibility and seeking finances for the future.

Growth and change in these NGOs meant that they were responsible to increased numbers of donors, who had diverse

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**Figure 3  Relationship of NGOs with key stakeholders**

**Source:** Interview and focus groups January–February 2002
requirements for progress and financial reporting. Separate books of accounts had to be maintained for each donor account, necessitating a coherent system that could fulfil the requirements of all donors. For example, one NGO had undergone six audits during 2001 because each donor wanted to have a separate account and separate audit. The accountant was kept busy in audits for eight months out of 12 months of the year and found it very hard to keep a balance between audit and regular office duties (Interview, January 2002).

Relations with official agencies also became more complex as the role of the NGOs got larger. Government line departments—owing to their autonomy at the local level—were a constant threat to the local operations of NGOs. Their capacity to interfere in NGO activity meant that each NGO had to maintain workable relations with them. Good relations with government were also helpful in dealing with the power structure of a diverse constituency. But the more successful the NGO became, the more difficult it became to to maintain good relations because the NGO posed a potential challenge to the power of local government officials.

Where NGOs expanded their geographical scope difficulties emerged because the number of beneficiaries grew. As the NGO’s constituency grew more diverse it became subject to varying internal power dynamics. This raises the issue of managing the expanded constituency through coherent implementation strategies. Expansion of the geographic scope thus presents a threat to sustainable community participation because it makes it harder for the NGO to come to terms with the various local power structures, and to develop credible relations within each community.

Program and organisational sustainability

Program and organisational sustainability was a key challenge mentioned by interviewees from three of the four NGOs. These three NGOs were completely dependent on their donors for funding of all their operations and programs. Staff positions in two NGOs were subject to the approval of donors. This situation was a great disincentive among the staff and led to high staff turnover. As the working of NGOs requires a particular type of attitude and commitment to work—which develops through time and association with an organisation—high staff turnover created an organisational gap, thereby putting program quality at stake. Donor dependency also placed constant pressure on leadership to develop project proposals for sustaining income in the coming years and consequently led to a feeling of job insecurity among staff. Dependency on donors creates a chain of issues which exerts pressure on the leadership to develop strategies to overcome these barriers to organisational effectiveness (Figure 4).

Strategies adopted by the NGO leaders for dealing with the challenges of growth and change

The interconnected challenges of growth and change were seen by the NGO staff as a pressure on the organisational leadership to adopt appropriate strategies. This central role of leadership is also reflected in the
literature, where the achievement of organisational objectives (Nelson 1995), the establishment of organisational identity, performance and maintenance of external relations (Fowler 2000; Smillie and Hailey 2001) are all seen as depending vitally on the exercise of leadership. According to Drucker (1990), the challenge for the leader is to maintain the momentum, flexibility, vitality and vision of the organisation through a process of growth to prevent the organisation stagnating. This research shows that leadership responses are linked with management competence and not only to commitment and dedication.

**Strategies for maintaining program quality**

NGOs have gained recognition among donors and government because of their innovative approaches and program effectiveness. Program quality provides identity and credibility for NGOs enabling them to expand their impact. ‘In all cases careful management is needed to avoid a falloff in quality when NGOs scale up to cover a large population’ (Edwards and Hulme 1992:5). Maintaining program quality was seen as one of the major challenges for the growing NGOs. The following strategies were adopted by the four NGOs to deal with the challenge of maintaining program quality:

- management review
- induction of monitoring and evaluation
- standardisation of organisational steps
- pre-project research
- regular review.

ROSHNI, DASTAK and SANGAT adopted a process of management review to cope with the emerging challenges. The overall purpose was to reflect on the organisational strengths and weaknesses. This was complemented by strategic planning exercises to address the organisational issues raised. ROSHNI has

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**Figure 4  Implications of dependency on donors**

![Diagram showing implications of dependency on donors]

- Staff positions are at the mercy of donor approval
- Disincentive among staff
- Staff turnover
- Discontinuity in program management
- Program quality at stake

**Pressure on leadership to act on each of these issues**

**Source:** Interviews and focus groups January–February 2002
undergone three management reviews and two strategic planning exercises for improving its performance. Each management review exercise revised the program focus on the basis of ongoing projects and availability of donors. The last two management review exercises confirmed that ROSHNI had been operating on a day-to-day basis rather than as a strategic organisation. Although ROSHNI had carried out a planning process in the past, many of the processes were haphazard and not strategically structured (Strategic Plan 1997 and 2001). DASTAK also underwent two management review exercises followed by strategic planning but faced problems implementing them (Annual Planning Meeting 2001). In contrast, management review exercises adopted by SANGAT helped set a future direction through a strategy document. The leader of SANGAT ensured a participatory process for reviewing the organisational management systems and proper implementation of the strategy document.

Monitoring and evaluation was adopted as a second strategy by all the NGOs, but the outcome varied. The second management review in the case of ROSHNI suggested a position of ‘Monitoring Facilitator for ensuring program monitoring and its documentation’ (Organisational Strengthening Workshop 1997). In the case of DASTAK the need for a monitoring and evaluation unit was raised in the management review as a means of ensuring satisfactory organisation performance and also as a way of achieving systematic research and a streamlined monitoring and evaluation system within the organisation. The unit was also made responsible for formulating administrative systems, policies and procedures, including personnel policies. The 2001 planning meeting of program managers, however, highlighted that DASTAK has not yet been able to streamline all its systems, policies and procedures and does not have a clearly documented field strategy for any of the sectors they are working in (Annual Planning Meeting 2001).

In the case of SANGAT, the process of monitoring and evaluation has been streamlined into four levels, such as the team level, management level and Board of Directors level. Different tools have been developed to ensure that systematic monitoring provides feedback for the improvement of the overall program. Similarly, evaluation is done at the overall organisational level every three years through a consultant but with the involvement of partner communities, government line departments and donors. Thus, the challenge of developing systems, polices and procedures was addressed through documentation of policies, decentralisation and evolution of planning, monitoring and evaluation systems.

Standardisation of organisational steps helped BELI maintain program quality in two ways. Project proposals were developed in line with the organisational steps, thereby maintaining consistency of organisational strategies. According to the leader of one of its programs, ‘BELI maintained its program quality by standardising organisational steps, which we followed religiously for expanding into new sectors...this strategy helped BELI in not [over-]stretching its
human, physical and financial resources for expanding program operations and maintaining program quality simultaneously’ (Interview, February 2002).

Pre-project research was adopted by BELI and SANGAT to facilitate understanding of local dynamics. Both the organisations have made it mandatory that all plans be prepared after detailed analysis of the local problems and an understanding of local dynamics has been gained. Therefore, benchmarking and collection of area profile has become the first step for developing long-term plans. Consolidated bottom up plans were prepared for the organisation and presented to donors in a joint meeting that allowed them to discuss the issues and adopt components that reflected their priorities. Nonetheless, the overall strategy of the program in terms of social mobilisation, poverty orientation and gender balance was always kept integral to each component, thereby maintaining program quality. According to the leader of SANGAT, ‘This strategy helped SANGAT in balancing between demand from the community and supply from the donors’ (Interview, February 2002). This strategy helped BELI ‘drastically reduce the cost of construction by simplifying designs and standardising parts...about one-fifth the cost of similar improvement built by the city government’ (Badshah 1999:29).

The strategy of regular review was adopted by both BELI and SANGAT to promote a shared understanding of their programs among people of very diverse backgrounds. BELI evolved a system of weekly staff meetings, while SANGAT initiated monthly meetings which were used to discuss the social, technical and economic issues of communities, and their relationship to national and international realities. ‘These meetings helped in creating a common understanding among the staff of each other’s work and also in broadening the thinking horizon’ (Hasan 1999:31). Meetings were kept informal to encourage openness and build confidence.

**Strategies for developing and maintaining a technically competent team.** The team is the basic unit of performance for most of the organisations. Because of the kind of goods and services they produce, non-profit organisations are critically dependent on high quality staff (Oster 1995:65). NGOs, which are mostly people-intensive, rely on their human capital—their staff. Therefore, this human capital needs to be marshalled, nurtured and developed on a formal basis (Smillie and Hailey 2001). The common theme emerging from the literature relates to the unique nature of the NGO sector and its requirement for a particular type of team. The growing NGOs saw developing and maintaining a technically competent team as a key challenge. The following strategies were adopted by the NGOs to deal with this challenge

- staff capacity building as part of program interventions
- hiring staff from the constituency
- mentoring by the leadership
- creation of a training section.

Staff capacity building components were seen as an important factor in program implementation by personnel in all four NGOs. DASTAK and ROSHNI developed staff technical competence through program expansion, thereby providing their staff with opportunities to gain hands-on experience. When new staff were hired, they received...
on-the-job training. In addition, DASTAK and ROSHNI staff were exposed to different national and international training programs when their organisations received invitation from either donor organisations or fellow NGOs. In the words of the leader of DASTAK, ‘we try to avail all opportunities for training and staff are sent for training as and when we receive any invitation from any organisation’ (Interview, February 2002). Both the NGOs were completely donor dependent and neither had a human resource development strategy. However, the ROSHNI’s 2001 strategic plan did emphasise human resource management and development as one of the key issues to be incorporated in the future (Strategic Plan 2001:10). No mechanism existed in the organisation whereby staff could relate field issues to national and international realities. This restricted strategic thinking and the establishment of long-term goals for the organisation.

In contrast, BELI and SANGAT adopted a systematic approach for staff capacity building. Donors were approached specifically to support staff training in different fields. According to the leader of SANGAT, ‘I decided not to avail [myself of] any of the training opportunities for a certain period of time...[but] I let staff learn from training and exposure visits’ (Interview, February 2002). This strategy helped SANGAT in two ways. It increased the capacity of local staff and it also provided a non-financial incentive; staff turnover declined drastically as a consequence. As a result, SANGAT was able to bring down its salary structure—a vital step given the constraints facing national NGOs.

BELI and SANGAT evolved a strategy for hiring staff from its constituency. In the beginning, BELI hired experienced professionals but soon realised that it was difficult for experienced professionals to unlearn the conventional manner of doing things and adopt the philosophy and methodology of the NGO. Later, BELI hired fresh graduates who were able to ‘grow with BELI’ (Hasan 2000:22). When BELI’s low cost sanitation and housing program received ‘The World Habitat Award 2000’, the organisation attributed its success to the technically competent team and the competence and collaborative efforts of its partners.

The leaders of BELI and SANGAT saw the competence and dedication of their staff as the key to organisational success. For example, the leader of BELI ‘not only managed to pass on his vision to his staff members; educate them regarding the close link between social, economic and technical issues and upgrade their skills; but with time was also able to develop a strong bond between them. This bond was not only based on a common development vision but also embodied in the values of diligence, frugality, modesty, account keeping and transparency’ (Hasan 1999:31–2). The leader of SANGAT claimed, ‘I believe and practice sitting with the people, working with the team and looking at what is happening outside’ (Interview, February 2002).

This human resource-based approach was extended when BELI created a training section to give youth, NGOs and government officials access to their experience. The idea was to enable others to replicate the BELI model of financial self-
sufficiency and service in other local organisations (Hasan 1999:33).

The above analysis shows that BELI and SANGAT adopted an approach which had a long-term perspective by hiring fresh graduates, preferably from within the community, and developing them through a systematic process of training and in-house education by the organisation leadership through frequent meetings. The purpose of this approach was to develop a local cadre of human resources which could maintain the program in the long run and to use the enthusiasm and flexibility of young and fresh graduates to learn the organisational philosophy of the NGO. In contrast, the leaders of ROSHNI and DASTAK opted for an *ad hoc* strategy, which did not involve a systematic process for developing an in-house capacity for dealing with the ongoing organisational and program challenges. One result was that in 2002 both were facing an issue of staff turnover.

**Strategies for developing systems, policies and procedures.** Systems, policies and procedures provide the basis for maintaining organisational consistency. The likely result of growth and change in programs is organisational expansion, which creates a need for systems, policies and procedures. The growing NGOs experienced both program and organisational growth and faced issues for developing systems, policies and procedures. The following strategies were adopted by the NGOs to address the challenge of developing systems, policies and procedures

- formulation of administrative and financial policies
- decentralisation and delegation of responsibilities

Administrative and financial policies were formulated as a way of maintaining organisational consistency. ROSHNI initiated a process for the development of a draft manual for administrative and financial policies. The management review (Strategic Plan 2001:8) undertaken during its third strategic planning exercise in 2001 reported that ‘though ROSHNI has policies and procedures, implementation of these policies is weak and most of the decisions are still taken on a day-to-day basis instead of according to the policies narrated in the manual’. The case of DASTAK differs somewhat regarding personnel policies. DASTAK has three types of staff—regular employees, contract employees and casual employees. Some policies and procedures have been streamlined by the drafting of a handbook for regular employees. The other two categories of staff are dealt with under individual agreements on a case-to-case basis, which contributes to the *ad hoc* atmosphere in the organisation (Administrative Rules and Regulations:6).

BELI and SANGAT both made efforts to develop financial and administrative policies and procedures. Both the organisations documented their administrative and financial systems, policies and procedures. They sought administrative and financial transparency and published their accounts in their progress reports. According to the leader of
SANGAT, ‘publishing of accounts in the reports has helped us in developing a trustworthy relationship not only with the government but also with the community’ (Interview, February 2002).

All four NGOs adopted decentralisation and delegation of responsibilities to deal with the challenges of managing growth. ROSHNI and DASTAK established field offices and delegated responsibilities to the field offices. Focus group discussion with staff reported ‘that field offices helped in understanding the local dynamics and developing organisational credibility and also accelerated the social mobilisation process (Focus group, February 2002). Delegation also helped in the ‘formation of 90 male and 80 female organisations through the rigorous efforts of field offices’ (Focus group, February 2002). They also introduced communication and coordination channels between field offices and the central office. Field Office Managers and Sector Heads were made responsible for monitoring the activities of field staff based on the monthly work plans, monthly progress reports and case studies. The organisational structure was also revised to meet the emerging requirements.

BELI and SANGAT adopted decentralisation and delegation of authority either through the establishment of field offices or independent programs. The organisational structure was divided into major categories of staff, such as professional and technical staff or social organisers and support staff.

Each category was given a certain level of authority to decide and act within specified parameters. They were encouraged to take initiatives and decisions through a consultative process with their teams. In the case of SANGAT, the unit offices were given the responsibility to make operational decisions. Staff reported that ‘[t]his has created a lot of confidence and openness among the staff. This has also contributed in the professional growth of the staff’ (Interview, February 2002). In the case of BELI, the program units were upgraded into independent registered institutions. This strategy helped in reducing the administrative and financial burden on the core organisation.

**Consolidation of learning and experiences.** Learning is considered to be an essential component of organisational effectiveness (Edwards 1997:235). One of the major purposes of growth and change in NGOs relates to increasing the program impact. The NGOs, which are involved mostly in non-tangible type activities tend to innovate and experiment on small scale. The consolidation of learning and experiences becomes an important element for growing NGOs to enhance their program impact. The following strategies were adopted by the NGOs for dealing with the challenge of consolidation of learning and experience

- progress sharing meetings
- documentation of annual report
- daily diary
- introduction of various ways of documentation
- review meetings with stakeholders
- impact assessment exercises.

All NGOs adopted the strategy of progress-sharing meetings to consolidate learning and experiences. ROSHNI and DASTAK used progress-sharing meetings to discuss only accomplishments and field
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constraints. In contrast, BELI and SANGAT try to use similar fora to discuss the progress of the projects and review the field strategies and relationship of field issues to national and international realities. Such discussions provide an opportunity for staff to learn how to relate micro and macro-level issues.

An annual progress report was initiated by DASTAK and SANGAT. These reports, circulated among donors and selected NGOs, were used to describe the key activities of the program and their overall impact. ROSHNI, on the other hand, prepared project progress reports for supporting donors. These mostly reported the progress on set activities agreed in the project proposal. ROSHNI has, so far, not been able to evolve a system for organisational progress or experience reports. One interviewee reported that ‘institutional learning has not been recorded in any of the documents as yet and the staff found themselves very busy in fulfilling donor’s requirements and therefore these things are not on their priority list yet’ (Interview, January 2002). BELI issued quarterly reports that compiled everything that had been learnt during the quarter.

Leaders of BELI and SANGAT introduced a daily diary for all staff. Staff were encouraged to document daily field progress and anything worth noting in the daily diary. This strategy provided a medium for documenting varied experiences. The language barrier for documenting in English—the language of government and international agencies—was removed. ‘All staff are encouraged to document their experiences in whatever language they feel comfortable. It is compulsory for field staff to spend at least one to two hours daily in the office for any required coordination, documentation and learning from each other’ (Interview, February 2002). The use of local language or dialect was also introduced for review meetings. ‘The removal of [the] language barrier helped in building staff confidence’ (Interview, February 2002). A Program Support Unit was made responsible for collecting and translating all the Sindhi (the local dialect) material into English with an acknowledgment of the author.

BELI and SANGAT introduced various types of documentation such as case studies, weekly reports, staff experiences, and reports of any difficult case, as well as quarterly and annual reports. These modes provided an opportunity for contributions from all team members according to the varied capabilities of staff. The case studies and quotes from the field diaries were incorporated in the official documents with an acknowledgment of the author. This has helped in the creation of a documentation culture within the organisation.

Review meetings with stakeholders such as donors, general body members and community based organisations (CBOs) became a strong feature of SANGAT. This strategy helped SANGAT in two ways—‘SANGAT gets opportunity to receive feedback from diverse perspectives to fine tune the program and thus it becomes a channel for information sharing’ (Interview, February 2002).

Impact assessment exercises have been incorporated for ascertaining the program impact. SANGAT and BELI particularly used the outcome of the impact assessment
exercise for advocacy purposes among government line departments and fellow NGOs. According to one of the directors, ‘impact assessment helped us compare the costs and benefits of the program’ (88th Quarterly Report).

ROSHNI and DASTAK did not have an inbuilt organisational system for program evaluation or impact assessment, but donors could initiate an external evaluation of the projects at the completion of the project on a needs basis. ROSHNI underwent an external evaluation of one of its projects during 1997 by one of its donors.

**Multiple accountability**

Accountability lies at the core of NGOs’ function because of the nature of their relations with diverse stakeholders. The government provides legal cover while donors provide finances to NGOs to work with the communities. Hence, they are faced with the diverse requirements of accountability in terms of reporting financial situation and progress to each stakeholder. Growth and change causes an increase in the number of stakeholders, thereby making the accountability mechanisms more complex. Comparison of the strategies adopted by the NGO leaders in this case study shows similarities among them in dealing with the government line departments. But dealing with the other two key stakeholders—donors and constituency—remains a challenge for ROSHNI and DASTAK. In contrast, BELI and SANGAT adopted a number of strategies for dealing with all three key stakeholders, which help them minimise the challenge of multiple accountability. In general the following strategies were adopted by the NGOs

- fostering linkages with line departments
- developing donor coordination mechanisms
- introducing organisational governance to the constituency
- collaborating with other NGOs.

All four NGOs have introduced a system of developing linkages with line departments by visiting and inviting them to the NGO field offices. Key organisational documents were also circulated to government departments. The government line departments were invited for regular organisational events such as training programs. This strategy, based on transparency, helped minimise the mistrust between the NGO and government line departments and helped foster friendly relations. According to the leader of SANGAT, ‘I have asked all my staff not to hide anything from anyone who is helping us and to develop a feeling of collaboration with local line departments’ (Interview, February 2002). In the words of the leader of DASTAK, ‘The government has nominated me for the membership of the advisory committee for the Ministry of Labour, Manpower and Rural Development in recognition of DASTAK’s work in the area’ (Interview, February 2002). BELI and SANGAT were able to develop a collaborative relationship with the government line departments and implement collaborative projects.

No concrete strategy has been adopted by DASTAK and ROSHNI for dealing with the increasing size of the constituency. Although field offices have been established, sector strategies still need to be developed (Annual Planning Meeting 2001). Neither organisation had been able to adopt any
strategy for dealing with the multiple donor accountability. There were no mechanisms to reduce the burden of documenting progress and financial reporting for each donor separately. For example, ‘ROSHNI has not been able to start producing its organisational progress report because of the workload’ (Interview, January 2002).

Donor coordination mechanisms were adopted by SANGAT to deal with the challenge posed by the conflicting requirements of different donors. SANGAT was working with a wide range of 19 donors in 580 villages. The increased pressure of accountability has been dealt with by creating several joint fora where different categories of stakeholders are gathered to share and discuss issues of mutual interest. For example, a system of donor coordination meetings was ensured through an ‘All Parties’ meeting on a quarterly basis. This helped SANGAT satisfy all donors through one forum. According to the leader of SANGAT, ‘we don’t let donors tell us what to do but we tell them what we want to do’ (Interview February 2002).

SANGAT adopted a process for inducting representatives from the constituency in organisational governance. This strategy helped create a sense of ownership among the organisation’s constituencies. According to SANGAT, ‘this strategy also helped develop a feeling of partnership instead of making them a separate party’ (Focus group, February 2002). The strategy also facilitated a process of accountability in a participatory manner.

BELI initiated a process for developing collaborative relations with fellow NGOs. This approach has helped BELI not only multiply the impact of its program but also maintain its relations and credibility with the increasing number of stakeholders. For example, one NGO was made responsible for arranging and coordinating sewage and water-related meetings of interested NGOs and CBOs and also to coordinate press publication and journalists’ visits to the BELI Research and Training Institute. Another NGO was made responsible for organising the community where BELI would be working with infrastructure development. The third NGO was made responsible for coordinating international involvement for funding development projects and reform processes (Hasan 2000:15). The BELI Research and Training Institute achieved a dual purpose through this approach. It was able to maintain external relations without increasing its own operational cost and it was able to promote the benefits of collaborative efforts among the NGO community as a whole.

**Strategies for program and organisational sustainability**

In the context of NGOs, sustainability can be defined as the ability to secure and manage sufficient resources to be able to fulfil the organisational mission effectively and consistently over time without excessive dependence on any single funding source. Program and organisational sustainability have been described as a key challenge facing the NGOs. A comparison of the strategies adopted by NGO leaders indicates that similar approaches have been adopted for program sustainability by the leadership of all the NGOs, but organisational sustainability remains a challenge for three of the four the NGOs. Asset building was seen as a step towards organisational
sustainability. ROSHNI and DASTAK, however, did not have any concrete strategy for diversifying the funding sources and reducing reliance on international donors. In contrast, BELI and SANGAT were able to develop strategies for diversifying their funding sources by tapping available funds from the private sector and local philanthropists, which helped them to enjoy a certain level of autonomy from the influence of foreign donors. The following strategies are used to deal with the challenge of program and organisational sustainability:

- community organisation
- mobilisation of community savings
- no program subsidisation
- organisational assets and endowment funds
- diverse range of funding.

All the NGOs adopted community organisation as a strategy for ensuring program sustainability whereby CBOs were formed as part of their activity. The philosophy behind organising community groups was to enable local people to become a conduit for undertaking development initiatives on their own. These CBOs were provided with the technical training necessary to manage their organisational affairs, such as training in record keeping and financial book keeping. The program interventions were funded partly by a subsidy from the NGO and partly by community contribution. ‘DASTAK believed that when the communities contribute to any endeavour then it takes responsibility for running and maintaining it in the long term’ (Health Sector Report 1999). The programs initiated by NGOs deliberately involved these CBOs in the process of implementation so that they could gain hands-on experience of project implementation. These CBOs were also given technical training by the NGOs according to their organisational needs.

Mobilisation of community savings was a second strategy for attaining program sustainability. The members of CBOs were encouraged to save a certain amount, which could be utilised for their communal needs. This strategy was helping ROSHNI and DASTAK build local resources, which could be helpful for the financial sustainability of programs. But both the NGOs remained completely donor dependent for their operations.

Strong commitment to not providing any program subsidies was adopted as a strategy by BELI only. Up until now BELI has generated all resources for project implementation from within the community through strengthening the local level organisations. In the ‘low cost sanitation program [the] community has invested US$1.5 million’ (Hasan 1999:4). This strategy has allowed BELI to maintain its ‘organisational autonomy with minimal interference from outside agencies, particularly donors’ (Interview, February 2002).

Three of the four NGOs adopted building of organisational assets and endowment funds as a strategy. Organisational assets and endowment funds are seen as means of ensuring organisational sustainability. BELI has been able to build an asset and endowment fund, while SANGAT has been able to build only assets. BELI Credit Institute had a reserve fund of about US$591,667 (Rs355,00,000/-) in the form of fixed deposits and saving
certificates. Similarly, the other two institutions of BELI also had their own funding base and were not completely dependent on donors. All four institutions were in one building, which was owned by BELI. SANGAT also had been able to build assets through donors such as ‘13 vehicles and 1 building’, which are used for and by a field unit office (SANGAT Profile). SANGAT has also initiated a system of paid guesthouses in its field area, where all guests are charged for accommodation and meals. In time, these guesthouses have become completely self-sufficient and meet their own recurring cost from their income. This can be considered as a first step towards organisational sustainability.

BELI and SANGAT adopted the approach of building a diverse range of funding sources, such as foreign donors, private sector organisations, local philanthropists and government. This enabled both NGOs to reduce their reliance on foreign donors.

This indicates that there are some similarities and some differences in the strategies adopted by the leaders of the NGOs studied here. The similarities mostly relate to the strategies and not the actual outcome of the adopted strategy. For example, the leadership of all the NGOs adopted staff meetings as one of the strategies for maintaining program quality, but the leaders of ROSHNI and DASTAK ended up discussing accomplishment of field activities and field constraints only. In contrast, the leaders of BELI and SANGAT used the same forum to review their field strategies and processes and to build staff capacity by relating field issues to national and international realities. A similar review process was also initiated with the stakeholders to get broader perspectives on the processes and approaches, an approach which helped them refine their future projects on a regular basis and consolidate their learning and experiences. Similarly, some strategies adopted by the leaders of ROSHNI and DASTAK were strategic in nature, such as management review and strategic planning exercises, but they were facing problems with implementing them effectively. The outcome of their inability to implement those strategies effectively was that they ended up operating on a day-to-day basis. This issue relates to the management capacity of the leader of the NGO, who might require some additional training to cope with the challenge of effective implementation of strategic approaches. The leaders of ROSHNI and DASTAK were busy mostly in fulfilling their obligations to the foreign donors and were operating on a day-to-day basis, whereas the leaders of BELI and SANGAT were able to give attention to developing their human capital, involving stakeholders, consolidating organisational learning and experiences, and sustaining their program and organisation.

Conclusion

The research found that the leaders of BELI and SANGAT were better able to handle the challenges of growth and change than the leaders of ROSHNI and DASTAK in terms of adopting a diverse range of strategically orientated programs. The research also found that the key difference between NGO leaders’ strategies related to two broader
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issues: strategic orientation in their approaches, and capacity to implement the strategic decisions.

Strategic orientation in the approaches adopted by leadership is crucial. This cannot be transplanted from outside instantly but requires process-oriented learning. Comparison shows that the approaches adopted by the leaders of BELI and SANGAT showed strategic thinking. For example, the strategy of hiring staff from within the constituency followed by a systematic capacity-building process was linked to the sustainability of the program. The intention was to develop local capacity to manage development initiatives on their own, thereby reducing dependency on external organisations in future. The policy for the inclusion of members from within the constituency in the general body of the NGO’s governing structure was also linked with the same long-term objective. In contrast, ROSHNI and DASTAK faced high staff turnover because no systematic approach for human resource management was initiated. Similarly, the consolidation of learning and experience became a key challenge when organisations expanded their operations. The leaders of BELI and SANGAT introduced various inbuilt mechanisms for regular review and documentation. The leaders of ROSHNI and DASTAK, however, had only initiated progress-sharing meetings, which did not go beyond noting the progress of the planned activities.

The second difference was the problem of implementation of policy decisions, which was also linked with the capacity and capability of the leader and his/her team. Capacity cannot be enhanced just by expanding and gaining hands-on experience. It has to be tied to a process of enhancing technical and managerial competence. In one of the NGOs, for example, a donor initiated a management review process to be followed by preparation of a strategic plan. The subsequent review revealed that, although policy decisions were made in the strategic plan, the organisation was operating on a day-to-day basis. Therefore assessment of capacity of the leadership, as well as his/her team, must be made before any growth and change plan is implemented.

Another important aspect that came out from the research relates to the internally-driven and externally-driven processes of growth and change. The available literature discusses various ways and types of scaling up, which relate to the evolutionary stages of an NGO as an organisation (Uvin, Jain and Brown 2000; Uvin and Miller 1996; McPeak 1999; Edwards and Hulme 1992). An assumption is being made in all these discussions that the process of scaling up or growth and change would be internally driven. The present research has found that this assumption is false. Two of the four NGOs experienced growth and change based on an externally-driven process.

The distinction between internally-driven and externally-driven processes of growth and change is important because it is linked with management competence of the leadership to deal with the challenges of growth and change. For example, BELI and SANGAT adopted research-based, consolidated bottom-up planning for expanding into new sectors, activities or...
geographical areas. The organisational steps were standardised to ensure that none of the new projects conflicted with the mission and core philosophy of the organisation. A system was evolved to have a joint donors meeting to share the consolidated plan. At this meeting, donors were asked to choose any of the components that fitted into their organisational priorities. ROSHNI and DASTAK, by contrast, had expanded their programs by accepting ideas/proposals from donor organisations. They faced a problem of maintaining organisational coherence and consistency; this again links back to the point about the capacity of the leader for ensuring implementation of policy decisions.

Thus, it can be argued that an internally-driven process of growth and change might have provision for assessing the intra-organisational dynamics and capabilities. In contrast, the externally-driven process takes less account of intra-organisational dynamics and might not be compatible with the management competence of organisational leaders, thus putting organisational effectiveness at stake.

The research also set out to gather empirical evidence about the implications/challenges of growth and change. The literature mostly warns about the implications of growth and change (Fowler and Pratt 1997; Clark 1995; Billis and Mackeith 1992). They indicate that growth and change might reduce the effectiveness of the NGO and the organisation might need to learn new skills, competence and ways of working. Although these discussions are important, there is insufficient empirical evidence in the literature on the strategies adopted by leaders of growing NGOs. This paper has found that the adoption of different types of strategies was linked with the management competence of the leader and his/her team. The study highlighted that, although the commitment and ownership of the leader is an important prerequisite, in isolation from management competence this cannot lead to effective handling of management challenges. The leader has to have skills, knowledge and power in combination with commitment and ownership for dealing with the organisational challenges. Therefore, the present research is, in a way, providing empirical evidence in support of the warnings and indications mentioned in the available literature.

The analysis of challenges shows that growth and change of an organisation is not something that can happen in haste. It is important that the organisation’s dynamics are assessed both within the organisation and by outsiders before any process for growth and change is initiated. Organisational effectiveness comes from experience, and quantitative growth haste may harm organisational effectiveness. And this could be damaging for the NGO sector as a whole.

Notes
1 The names of the NGOs have been changed and interviewees are not referred to be name. This has been done for ethical reasons as some of the NGOs might feel undermined for sharing their intra-organisational challenges and issues.
2 The four institutions were for Research and Training, Micro Credit, Health, and the Overall Body for channeling funds.
3 ‘The World Habitat Awards were initiated in 1985 as part of the building and social
housing foundation’s contribution to the United Nations International Year of Shelter for the Homeless in 1987’. BELI-RTI was a winner of World Habitat Award 2000 for its successful community-financed, community-managed infrastructure and housing project which has helped over two million people improve their sanitation, health and housing conditions in 49 settlements of Pakistan (88th Quarterly Report 2001:1).

References


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