

Capacity Building Issues in the Third Sector

P. M. Suresh Kumar

Department of Social Work, Priyadarshini College of Arts and Science, Kerala-676517, India

Orcid ID 0002-9540-0909

E-mail: sureshkumarpmsk[at]gmail.com

Abstract: *Historically, the emergence of voluntary organizations in India is a post-independence phenomenon and its proliferation took two more decades further. The transformation from state playing a lead role in the removal of social and economic disparities, to NGOs undertaking it evolved during this period. Considerable challenges were confronted during this transformation. Yet it has evolved as a major partner, contributing a larger share as compared to the state in addressing issues of social marginalization, economic deprivations and upliftment of the disadvantaged. The voluntary sector, 'Third Sector' as it is technically called, suffers from a variety of problems that affect its functioning. If this has to be overcome their managerial and organizational issues contributing to it have to be addressed. Though closely interlinked, these to have to be distinguished and addressed separately. Organizational problems emanate from constraints, vulnerability or deficiencies arising out of organizational failures requiring solutions at the organizational level. Managerial problems are those which arise in course of implementing solutions to problems. This study aims to explore such problems affecting Third sector at large and individual organizations in particular.*

Keywords: Capacity building, Organizational problems, Managerial problems

1. Introduction

Voluntary organizations could be segregated into two categories namely development oriented and welfare oriented. Development oriented organizations practice social services exclusively whereas the welfare oriented focus on arts, sports and cultural activities, although they combine some form of social service also. However both the above categories are registered under a single piece of legislation that makes it difficult to distinguish except by going through its bylaw. The term capacity building refers to ways and means of enriching the functional competency, or efforts to better utilize existing capability. These two dimensions are equally important. The 'problem-sensitive' areas affecting NGOs could be classified under these broad categories namely financial, personnel, organizational, managerial and technical.

2. Objectives

The objectives of the study are as follows.

- 1) To probe the managerial and organizational problems faced by service organizations in voluntary sector.
- 2) To understand the role of managerial issues in contributing to challenges that hamper results.
- 3) To evolve ways and means of building competency.

3. Methodology

Considerable literature is not available on capacity building of NGOs and even what is available lacks reflection from real life experiences. The methodology followed in this paper is exploratory utilizing instances drawn from real life examples and insight stimulating focus group discussion.

4. Organizational Problems

Organization refers to the institutional frame work of an NGO. Institution is the set of rules and regulations that binds

each of the actors and activities to decide what is to be done and what way to do it. It is comparable to a game where players are actors, play is the activity and rules and regulations decide how to act. In relatively smaller organizations both organizational and managerial problems often overlap. Yet we can distinguish organizational problems as anticipated issues and measures that need to be adopted to combat it, whereas managerial problems depict the way you combat it and how you handle the problems as you implement it. Foremost among the organizational problems is staffing and manpower utilization. Matters relating to funding and financial health are second.

Most voluntary organizations face problems of identifying, deploying and utilizing talented staff. Smaller NGOs ignore this aspect altogether when compared to relatively bigger ones because their financial constraints do not permit greater manoeuvrability to attract motivated aspirants. A realistic judgement of job market limitations is this starting point for identification of prospective job holders. Recruitment is constrained by too few choices resulting in adhocism and near locality considerations. A better candidate who takes up this job considers it a place to gain experience which gives him leverage into better prospects elsewhere. Therefore adhocism prevail resulting in too many drop outs in too little time. The average time spend by a beginner in an NGO in India is one year to four years depending merely on remuneration as a motivation to stay. After five years he leaves to take better position in a bigger organization because here there are no opportunities to ascend. The negotiations are tight leaving ambiguity in decisions regarding the best fit. Those starting to serve have to be groomed into the organization, especially developing right attitude. Bigger NGOs find it a good pasture for head hunting resulting in retracting the efforts. Absence of a sustainable mechanism affects upgrading of skills, for a fresh pass-out has little skills that is required in an NGO. Increased performance and retention are productivity indicators which is the ultimate goal of successful staffing. This is depicted in table-1.

Table 1: Challenges to staffing and manpower utilization

S. No.	Steps in staffing	Intended result	Challenges
1	Job description	Realistic judgement	Job market limitations
2	Recruitment	Extended search	Limited choices
3	Selection	Locating best fit	Ambiguity in decision making
4	Induction	Developing right attitude	Team management
5	Training	Skill up gradation	Sustainable mechanism
6	Motivation	Increased performance	Enhancing morale
7	Maintenance	Retention	Productivity

Problems of Funds and Funding

Funds are a road block for many NGOs. Financial problems largely affect the functioning of NGOs such as funds did not arrive as expected or that they spend too much on too little. NGOs could be distinguished into three categories based on their funding practices. Some are externally funded by donor agencies; some are self financing racing means on their own and a mixed category of the two. A variety of factors contribute to the financial worries. This is depicted in table-2.

Table 2: Financial profile of NGOs

S. No.	Category	Reasons for financial problems
1	Externally funded	a) Donor issues b) Unforeseeable expenditure c) Interruptions in fund flow
2	Self financing	a) Unproductive fund raising b) Over-spending c) Wrong priorities
3	Combination category	a) Side-channelling of funds b) Dependency syndrome c) Dysfunctional productive assets

Either the donor agency may have some internal reasons of their own or that the recipient NGO has not satisfied the expenditure fitting the purpose and condition on which funds are granted. Over expenditure and wrong priorities create stalemate. Overdependence on donors can lead to a syndrome of dependency that jeopardize their ability in exploring own sources. Most of the time, fund raising strategies struggle to succeed owing to poor public perception and NGO’s inability to strategically combat it.

Managerial Problems

Management of service organizations consider five input elements in its management cycle. They are (1) clients, (2) staff, (3) resources, (4) facilities and equipments, and (5) value of human effort. Each of these input elements have to fulfil all the five steps of managerial cycle listed below. A tentative segregation of the input elements corresponding to its management cycle is given in table-3.

Table 3: Management cycle of service organizations

S. No.	Management cycle	Input elements	Focus elements
1	Planning	Clients	Problem severity and type, eligibility and service delivery
2	Organizing	Staff	Quality orientation, role clarity, performance, output
3	Co-ordinating	Resources	Balancing requirements, sustainable use
4	Monitoring	Facilities & Equipments	Utilization of infrastructure, Fine-tuning support services
5	Evaluation	Performance	Accountability and social audit

The key functional areas of management cycle are planning, organizing, co-ordinating, monitoring and evaluation. Planning client services takes into consideration problem severity, eligibility and service delivery. The nature, the type, and intensity of the problem or need matters a lot in deciding quality of service. It influences organizational priorities in decision making. Service is the interface between the organization and the programme. Effective service delivery has to take into consideration the details of the clientele it should serve, for instance, their socio-cultural, demographic, economic factors. Organizing staffing to accomplish task concerns quality orientation and role clarity. This is essential to better performance and output. Co-ordination of resources considers not only utilization of infrastructure, but balancing requirements with resources for sustained use also. Fine tuning support services are the function of monitoring. Accountability and social audit are elements of performance.

5. Problem Analysis

An overview of the problems affecting the Third sector in the key functional areas could be presented in the form of a matrix. Starting from procuring funds to tapping expertise, discovering talents, utilizing resources and facilities, creating accountability and measuring impact, these problems raise challenges that demands planned intervention. The analysis pictureizes a diversified problem tree with five main branches and a sequence of cause-result-action sub branches. Solutions emerge as we narrow down with each cause and result. The analysis provided in table-4 is comprehensive. A detailed problem tree could be worked out going into finer details.

Table 4: Problem-solution matrix

S. No.	Functional areas	Issues	Manifestation	Challenges	Actions
1	Finance	Economic issues	Financial problems	Mobilizing funds	Fund raising campaign and donor support
2	Personnel	Staff incompetence	Negative approach & absence of team spirit	Division of responsibilities & effective leadership	Training and orientation
3	Organizational	Absence of role clarity and vision	Difficulty in task setting	Objective oriented planning	Sub divide task, fix targets, plan strategies
4	Managerial	Delivering output	Hard running	Co-ordination,	Meetings, committees, effective

				Evaluation, Monitoring	delegation
5	Technical	Limited expertise In functional domains	Poor quality in service	Technical guidance and external support	Utilizing consultancy services

6. Conclusion

The Third sector significantly contributes to issues of social marginalization, economic deprivations and uplift of the disadvantaged, through supplementing efforts of the state. Yet its organizational and managerial problems are seldom looked into. Any efforts for capacity building should take into account the issues and challenges they face in these key areas. The best way is to ask if it is an organizational problems or a managerial problem and to start addressing it there. An analysis of the cause-effect relationship of problems would result in a gigantic problem tree that point to the complexity as well as interrelationship of the problems.

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