

CHAPTER 2

Review of Literature

This chapter includes a review of the relevant literature related to the study and also two conceptual frameworks that have been drawn based on the literature survey. These frameworks guided the research study.

2.1 NGO Sector:

2.1.1 Growth of the NGO Sector: The growth of this sector consisting of non-government organizations engaged in social welfare and development activities has been accelerated in recent years by several factors such as the increase in fund availability for social causes, positive public perception of the capacity of the voluntary sector to address social concerns and increasing awareness of the limitations of state and public agencies to reach out effectively to sections of society needing transformation.

Official agencies are not only constrained by resource availability, but face a number of procedural and operational hurdles to the smooth execution of development programs. Enlightened governments in developing countries began to collaborate with NGOs with experience in areas such as poverty alleviation and environmental protection and which had closer understanding of the needs of local communities. Many governments began to appreciate the value of the voluntary sector as a partner, shedding their perception of them as competitors and intruders. However, it cannot be said that these misconceptions have been totally replaced by a constructive view. The nature and focus of NGO activities has also changed over time. While NGOs that emerged after the World Wars I and II were more involved with relief work, attention gradually shifted to welfare activities in Third World countries and still later to providing funding and technical services to effective grassroots organizations. The 1970s saw the emergence of NGOs devoted to advocacy of the rights of disadvantaged classes of society and these began public campaigning and parliamentary lobbying in pursuit of socio-political changes. During the 1990s, the trend among NGOs was to get involved in micro-level reform, involving activities such as building rural institutions, redirecting agricultural extension services and bringing about changes in attitudes towards women.

The primary objective of NGOs was to bring about change - in values, institutions and technologies.

The growth of voluntary organizations in India had roots in the pre-independence period and in the social reform movements of the late 19th century. During this period, a number of individuals and associations were involved in social service, such as helping the poor and the destitute, as well as social reform against practices such as bride burning and widow re-marriages. Christian missionary groups also contributed to the growth by setting up a network of hospitals, schools and welfare services for the poor. The Gandhian approach clubbing village development programs with social reform contributed largely to the growth of the voluntary sector.

Social historians (Misra, Rajeeb, 8) have divided the history of voluntary organizations in India since the 19th century into the following eight phases.

a) **First phase** (1800-1850) This was a period that witnessed social reform movements as a result of ideas that were introduced from the West, as well as the activities of Christian missionaries who combined social uplift with Christian missionary activity. These shaped the growth of voluntary organizations.

b) **Second phase** (1850-1900) this period was characterized by the spread of nationalism, popularity of English education and setting up of communication links, all of which influenced growth of the voluntary sector in these areas.

c) **Third phase** (1900-1947) the channeling of voluntary spirit for political action, mass mobilization and Gandhi's initiation of constructive work in rural areas and among "Harijans" led to the growth of the voluntary sector. Mahatma Gandhi's program of rural development, which employed volunteers in rural areas for the improvement of education, health and employment, set a new operating model for voluntary and charitable initiatives.

d) **After Independence to the mid-sixties**- During the period following Independence, the perception was that economic growth could be achieved through a dominant role for state investment and effort. Accordingly, the Ministries of Agriculture and Rural Development started community development in rural areas. Welfare programs for the poor were initiated by social welfare Ministries of state governments. NGOs were approached by the government to implement these programs and to gather support of the local population. The emergence of a mixed economy or co-existence of both private and public sectors and the launch of the Community Development Program

with the policy of people's participation were key developments during this period, which had an impact on the voluntary movement. The Fifth Five Year Plan document stated that social welfare services should be provided by voluntary agencies, with government co-operation.

e) **Fifth phase** (Mid-sixties - early seventies) this phase witnessed the recognition of the limitations of the government's development model and the contrasting potential of voluntary organizations. A section of people with Marxist ideology rejected the development model followed by the government, since they felt that it did not address the root cause of poverty. This led to the increasing role of NGOs in the form of social action groups, which focused on specific issues such as price rise and corruption.

f) **Sixth phase** (Early seventies -1979) - During this period, the trend was to look for constructive ways to channelize energies and resources for building a better society. Disillusionment with the government and the idea of people's participation contributed to the growth of voluntary action. A number of social action groups supported by liberal foreign funding began to mushroom during this phase.

g) **Seventh phase** (1980s) - During the mid-1980s, the fragmented development models gave way to a more integrated development model. Two different types of grassroots NGOs emerged - i) Development NGOs that were involved in activities such as agriculture, environment, health and literacy and used participatory and innovative approaches and ii) Empowerment NGOs which set up organizations for the poor in rural areas and helped them to articulate their concerns. These NGOs co-existed along with the welfare NGOs and social action groups. However, while the welfare and development NGOs collaborated with the government, the empowerment NGOs and social action groups took a critical view of government policies and practices. This period witnessed the growth of support groups that specialized in services such as capacity building, research, advocacy, legal assistance, etc. More sophisticated issues such as women's development, environment and water pollution emerged on the agenda of voluntary organizations, as opposed to direct social service and support activities such as education, health services, care of the destitute etc.

h) **Eighth phase** (1990s) - During this phase, voluntary organizations began to make their presence felt at the global level-for example, at UN sponsored meetings such as the UN Conference on Environment and Development. The value of development NGOs in certain areas was recognized, and they were approached by international aid

agencies and the government to supplement the latter's efforts in micro -level poverty reduction. The Planning Commission also emphasized the role of NGOs by including a separate sub-section on "Involvement of Voluntary Agencies" in the Seventh Five Year Plan document (1985-1990) under the chapter on Rural Development and Poverty Alleviation Programs. A total Plan expenditure of Rs. 100-150 crores was set aside for collaboration between government and NGOs. The Council for Advancement of People's Action and Rural Technology (CAPART) was established in 1986, to provide support to NGOs involved in rural development. During the 1990s, the development policies of the World Bank gave a prominent role to NGOs in poverty reduction and development of civil society, in the New Policy Agenda. The aid agencies were of the view that NGOs should play an increasing role in service provision and development, since they were cost effective and efficient service providers.

2.1.2 Legislation: There are four ways in which an NGO may be registered in India.

a) *As a Trust*- A Trust is a body which can include three or more members as owners and is suitable for small NGOs and is easily manageable. Trusts are registered under the Indian Trusts Act, 1882 or the Charitable and Religious Trusts Act, 1920.

b) *As an Association or Society*-This form of voluntary organization comprises seven or more members. It may be registered under the Societies Registration Act, 1860 at the state, district or national level. This is by far the best form of an NGO, since it provides for internal democracy and participation, thereby securing the confidence of philanthropic agencies and facilitating fund availability.

c) *As a Co-operative* - Voluntary organizations may also register themselves under the Co-operative Societies Registration Act, 1962.

d) *As a Non-profit Company* - NGOs are permitted to register under the Companies Act of 1956. However, on account of the provisions on disclosure and reporting under the Act, NGOs tend to prefer to register under the earlier alternatives.

2.1.3 Typical Structure: NGOs differ from one another in the rules of work and way of conducting business. Generally, an Indian NGO has the following management structures.

a) **General Body** - This includes all the members of the organization and is given basic powers such as approval of annual reports and audited statements of accounts,

approval of action plans and budgets, consideration and approval of the resolutions passed by the Governing Body.

b) **Governing Body**-This includes members elected by the General Body along with office bearers. It is accountable to the General Body and its decisions on pre-defined matters of certain importance have to be approved by the General Body. However, the Governing Body is responsible for the actual leadership and management of the NGO. Its responsibilities include appointment of the Chief Functionary and Executive Staff, fund raising and use of funds, approval of programs organized by staff, taking care of legal issues, etc.

c) **Executive Staff and Chief Functionary** - They play an important role, since they are responsible for implementing the programs in co-ordination with the Governing Body. The Chief Functionary plays the role of a full-time Administrator, while the Executive Staff are either Administrative Staff in charge of office management, or Program and Field Staff in charge of implementing projects.

The Governing Body grants the Chief Functionary the power to direct and manage the organization. The latter is also required to select, train and motivate staff, mobilize funds, prepare budgets and reports, maintain stakeholder relationships and represent the organization at various forums.

NGOs also appoint outside professionals as advisors to the organization. With NGOs becoming more professional in their approach, these consultants are gradually becoming more and more useful. They identify organizational problems and offer suggestions for improvement.

A study conducted by Fowler, Alan (47-65), found that international NGO networks had three broad categories of organizational structure.

a) **Corporate partnerships** - Corporate partners are generally not involved in the governance of the organization.

b) **Federations** - Under this model, affiliates at the regional or national level are responsible for carrying out the work of the international association.

c) **Membership associations**- In this arrangement, individual organizational members belong to a central association and are involved in the governance of the operations.

According to Litterer (69) quoted by Misra, Rajeeb (48), structure refers to “the identification of elements in an organization and relations between them”. Fowler has developed a model of NGO structure that reflects the main characteristics of NGOs.

Fowler says that NGOs need to have strengths in five areas-organizational design (vision), systems (strategies and programs) and mobilization of resources, maintaining external relationships and achieving results consistent with the mission.

Development organizations need to have a clearly defined vision, so that it provides a sense of direction to people working in the organization. Vision refers to where the organization would like to be, as opposed to where it is now. Organizational mission refers to the method/s used by the organization to achieve its vision. For example, an NGO whose vision is a world where no child dies of a preventable disease could focus on providing healthcare services in areas where they are currently not available.

Organizational strategies refer to how the organization is going to accomplish its mission. It also includes how the organization will use its resources, strengths and weaknesses to achieve that task. Once a voluntary development organization has been created within the above framework, it needs to acquire a legal identity. A separate legal status is required for an NGO for its effective functioning and for enhancing its capacity for fund raising. It enhances the credibility of the NGO among donors and regulatory organizations. In fact, the problem with Indian NGOs is that, as indicated earlier, they can register under different laws of the Government and as such lack a distinct and special legal identity to infuse confidence among funding agencies. Such clarity and distinctness in status makes it accountable to the government, beneficiaries and funding sources in the form of periodic reporting requirements, giving them the right to intervene in its affairs as and when needed.

2.1.4 Role of NGO Sector in Society: According to E.F. Schumacher, quoted by Misra, Rajeeb, the role of NGOs is not to carry out development work in isolation, but through a “participatory approach”- through working with the people. NGOs are essentially grassroots institutions that work closely with local communities.

Misra, Rajeeb has identified three major roles for voluntary organizations in a democracy.

- a) **Political role** - In this capacity, NGOs are mechanisms through which people voice their concerns and make demands on the government for socio -political reforms.
- b) **Educational role** - NGOs provide training to develop the skills of their members and to educate the public, especially the depressed sections of society, on their rights.
- c) **Watchdog role** - NGOs serve to watch the government in its use of power and promote accountability to the public.

The above does not include NGOs engaged in socio-economic development.

The role of NGOs in India, as envisaged by the Government, can be traced back to the Sixth Five Year Plan document (1980-85). It visualizes useful roles in the following areas, like, optimum utilization and development of renewable source of energy, including forestry, family welfare, health and nutrition, education; “health for all” programs; water management and soil conservation; social welfare programs for weaker sections; implementation of minimum needs program; disaster preparedness and management; promotion of ecology and tribal development; environmental protection and education. The Seventh Plan indicated a bigger role in rural development, by supplementing the efforts of the government. NGOs were expected to “disseminate information, make communities as self-reliant as possible; to show how village and indigenous resources could be used, how human resources, rural skill and local knowledge grossly underutilized at present could be used for their own development...”

The Eighth Plan emphasized the importance of building up people’s institutions through voluntary organizations, in areas such as education, health, family planning, more efficient use of land and minor irrigation. These institutions would be accountable to the community.

The Ninth Plan’s primary objective was to promote and develop people’s participatory bodies through voluntary sector initiatives.

The Tenth Plan further recognized and encouraged the voluntary sector by granting greater decentralization to Panchayati Raj institutions and other people’s organizations.

2.1.5 Size of NGOs in India: According to the Central Bureau of Investigation (CBI) database 2014, India has approximately 31 lakh¹ NGOs, one NGO for 400 people. (Source: <http://indianexpress.com/>)

Among the states, Uttar Pradesh tops the list with more than 5.48 lakh NGOs, followed by Maharashtra which has 5.18 lakh NGOs. Kerala comes third with 3.7 lakh NGOs, followed by West Bengal with 2.34 lakh NGOs. Of the 82,250 NGOs in the Union Territories, Delhi alone has more than 76,000 NGOs.

NGOs in Assam: Assam has an active and heterogeneous voluntary sector that is involved in a wide range of activities. It also has a large number of rural development

¹ One lakh is equal to 0.1 million

oriented NGOs. Among these Bosco Reach Out, RGVN, NEADS, Center for Rural Development, Deshabandhu Club, Aranyak, and Shanti Sadhna Ashram are some of the important NGOs in the state.

2.1.6 NGOs and service Delivery: One of the most visible and recognizable functions of the nonprofit and voluntary sector is as a provider of goods and services that fulfills the unmet demands of consumers and clients. Nonprofit organizations accomplish this service delivery role in an amazingly wide range of fields, and serve an equally broad array of clients and consumers. The sector is able to respond to unmet demands by bringing together a mix of funds, including private contributions, earned income, and government grants, and by offering services that are not otherwise available or that are different from those that the market and the government offer.

NGOs played critical roles in addressing persistent poverty, hunger by providing agricultural inputs (Salih). According to Fowler's estimate, NGOs reach roughly more than 20% of the poor in the world. Despite the well-reported success stories, the participation of the beneficiaries in NGO service delivery has been criticized. Some accuse NGOs of causing duplication of services rather than serving the deserving poor. Leopold attributes this to the failure to develop projects based on local realities, local knowledge, donor insistence on logical frameworks and short term outputs rather than sustainable changes (Leopold). The theoretical assertion that NGOs are better placed to deliver services to the poor is the motivation for this study. We use this argument to examine the extent to which NGOs are constrained in delivering services to the poor.

NGO involvement in service delivery of poverty reduction programs is partly because of the increased need for efficiency in the provision of public services and donor insistence on value for money. NGOs also assert that they are in a unique position to facilitate community empowerment because they are nearer to the poor and utilize participatory approaches. Zaidi notes that NGOs have been positioned to address and resolve issues which range from those that affect the environment, gender inequality, sustainable development, law, political emancipation and participation. Issues or areas that the private or state sector cannot address are automatically expected to be undertaken by NGOs.

Carroll (112) points out that service delivery is perhaps the most directly observable and clearly visible role which NGOs play in development work. In this role, goods and services that are wanted, needed or otherwise unavailable are provided by NGOs to a

particular section of the community. Sometimes the NGO itself takes a decision to provide services to its clients in order to meet hitherto unmet needs, while in other cases an NGO may be “contracted” by the government to take over the provision of services which were formerly provided by the state. There are also cases where NGOs do not provide services to clients at the grassroots but instead provide training services to other organizations or to government, or offer research or conflict resolution services to other agencies.

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

magistrate to demand justice in a case of violence against a group member. NGOs can also achieve this third objective by acting as “bridges” (Brown) between clients or beneficiaries and specialized service providers such as legal advisers. A good example of this role is that of PROTERRA in Peru, which provided services to recently resettled marginal farmers who not only needed help with finance to begin farming the new lands, but they also needed to ensure that their land titles were quickly formalized so that they would not be illegally removed from the land.

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

There is some evidence in the literature about the cost advantages of NGO service delivery as well as better “targeting”. A short case study of Bharatiya Agro-Industries Foundation (BAIF) illustrates that NGOs can be more cost-effective than government in performing certain service delivery tasks. It is not often possible to make straight economic comparisons between NGOs and government, but BAIF’s efforts to produce

cross-bred dairy cattle in six states of India were in this case compared with a similar government programme in Tamil Nadu, and the overall costs of developing inputs came out as 66 per cent those of government, due probably to lower labour productivity in the government sector (Satish and Prem Kumar). Another key strength that Carroll identifies is the ability to influence and gain leverage over other actors in the development environment such as banks, government agencies and private suppliers. These arguments lend weight to the “comparative advantage” view of NGOs in which they are seen as having strengths in relation to other development actors, but as Biggs and Neame warn, it is probably unwise to interpret such claims too literally because of the diversity of NGOs, and the need to think creatively about relationships between different types of organizations and synergistic combinations of these different actors (Tendler).

For every case of the effective NGO it is usually possible to point to another NGO which has high administrative overheads, poor management and low levels of effectiveness.

Despite the positive stories about service delivery, there is also a trend in the NGO literature which sees NGO service delivery as a source of concern, both in terms of the sustainability issues and the undermining of the state and the problems of citizen accountability this generates. There is also something deeper the argument that as NGOs turn into service providers they may lose part of their essential, voluntaristic, value-driven identity (by moving towards the market) and they may become simply the instruments of governments or donors. The dilemma for NGOs is therefore the question of whether service delivery is a means (to provide people with services to meet immediate needs, but with an eye on influencing and improving wider delivery systems so that the NGO’s role is essentially a temporary, transitional one) or an end in itself, in which NGOs as private providers become one set of actors among many who are contracted to deliver services. In Britain, the gradual shift in the 1980s and 1990s towards using private social service delivery with a reduced government role has been termed “the mixed economy of welfare” which has had somewhat uneven results in terms of the quality of provision, despite making more government resources available to the third sector. A similar dilemma is at the root of the uncertainties in parts of the NGO literature. The question over recent years has been between what Korten calls “the output vendor versus the development catalyst”. Korten identified the “public

service contractor” NGOs as problematic because they are “driven by market considerations more than values, and are therefore more like businesses as voluntary organizations”. There are many examples of NGO service provision being characterized by problems of quality control, limited sustainability, poor coordination and general amateurism (Robinson and White). Carroll argues that although NGOs can be efficient service providers, for many organizations, it is an opportunity to do more, such as promoting participatory values or supporting democratic principles, though this can be very challenging.

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

While it may be very important and useful that an NGO delivers services to a particular section of the community, it is also crucially important to examine how these services are delivered. Two terms which are frequently used in connection with NGOs are those of “empowerment” and “participation”, and both have relevance to a discussion of service provision and NGO implementation, issues. According to Carroll, if NGOs implement service delivery in a certain way it can be empowering and act as a catalyst for other developmental changes, and this will avoid the less desirable outcome of simple “substitution” of services previously provided by other agencies. The environment in which NGOs work, as well as internal factors arising from the organization’s own dynamics, produces pressures which can all too easily produce what is termed “goal deflection” in the organizational literature, as NGOs lose their original objectives and become involved in other, often less ambitious goals. According to Korten, these pressures may be the result of becoming tired of surviving at the financial margins and struggling for funding, the frustrations for activists of long-term struggles against established interests, the sense of obligation which emerges over time to improve job security for staff, and finally the belief that service contracting can eventually buy time and bring more funding and therefore the opportunities to do more “important” work later on.

A common set of external pressures comes from donors, who may want NGOs to undertake certain kinds of service delivery work such as credit provision, which allows them to show quick, measurable results rather than the messier, less quantifiable activities like awareness raising about rights or about preventative healthcare.

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

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

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

2.2 Reengineering: Reengineering was first introduced by Hammer as a radical redesign of processes in order to gain significant improvements in cost, quality, and

services. Reengineering is a management tool, in which business processes are examined and redesigned to improve cost efficiency and service effectiveness (Lindsay et al.; Vidovic and Vuhic). In addition, as per latest concept of management, Reengineering is necessary, firstly for facilitating processes across the boundaries of the two organizations and secondly for integrating back and front office processes (Fadel and Tanniru; Lin et al.). Reengineering separates the organizations from their old functions through reorganizing them, eliminating some processes, and discovering new methods of functioning. Goksoy, Ozsoy, and Vayvay considers Reengineering as a strategic tool for organizational change and stated that firm needs to bring moderate change every year and undergo a major change almost every fifth year if they want to survive in today's hypercompetitive environment.

Reengineering creates changes in people (behavior and culture), processes and technology (Al Mashari & Zairi). It does not seek to alter or fix existing processes; yet, it forces companies to ask, whether or not a process is necessary, and then seeks to find a better way to do it (Siha, & Saad). Reengineering integrates all departments into a complete process which have been designed to fulfill a specific business goal (Cheng et al.). Successful implementation of Reengineering enables organizations to achieve dramatic gains in business performance (Shin & Jemella).

Reengineering's implementation is perceived difficult. It requires time and proper paperwork (planning) before introducing this new process otherwise there are great chances of failure. Many unsuccessful experiences have been reported in literature. Various surveys and assessments reported as many as 60-80 per cent of reengineering initiatives having been unsuccessful (Chiplunkar et al., Dennis et al). Failure rate recorded by Cao, Clarke, and Lehaney is as high as 70%. Marjanovic also found the failure rate of Reengineering project is as more than 70%. It is therefore imperative for organization to examine whether they are culturally and structurally ready for reengineering. Specifically, re-engineering requires a strong commitment from owner managers since they play a decisive role in determining strategic direction. Employee motivation and empowerment is essential to effective internal communication and responsiveness to customers. Training is useful in enhancing managerial knowledge as well as inter-functional work skills. The Information System function has to be repositioned to facilitate Reengineering by investing in IT tools and provide required end-user skills. Change issues, such as resistance and lack of required skills needs to

be managed strategically at two levels: organizational and technological. This is to ensure that re-engineering efforts are implemented as planned and assessed by new performance standards and targets. Conducting pilots and measuring results regularly may significantly increase efficiency. Organizations should not try the Reengineering before meticulous examination of all phases and stages of the project (Dennis et al., 43; Schniederjans and Kim, 3; Terziovski et al. 86). Reengineering project has been continuously referred as risky effort since it brings radical changes in three main organizational areas including human, processes and technology (Crowe et al., 2).

Reengineering needs to change the culture and behavior of human in each organizational level. These should include the process activities, peoples' jobs and reward system, the management system performers and managers, the management system, and tools and technologies. Moreover, it is necessary to investigate the underlying corporate culture that holds the beliefs and values influencing everyone's behavior and expectations (Albano et al., 56; Guimaraes, 79; Mertins and Jochem, 11). Each of these factors can be a reason of Reengineering failure.

Some projects did not follow the drastic change approach and therefore died off before implementation because of the high cost and lengthy time spent in analysis. Others died in the implementation phase (or shortly thereafter), because the radical, clean-slate approach caused important factors to be overlooked or top management teams neglected to involve the middle managers charged with implementation and therefore they were not committed to the changes. Hammer and Champy (93) highlight senior managers' lack of ambition for radical change that is they do not embrace the concepts fully. Hammer and Champy (31) go so far as to argue that the underlying reason for failure is invariably inadequate understanding or leadership from management. Owing to these high-failure rates reported in the 1990s, research has begun investigating different aspects of reengineering projects implementation. One important aspect of them was the social context of implementing Reengineering. An area of much concern associated with that has been the ambiguity of senior managers' behavior towards adopting Reengineering.

According to (Malhotra, 99) the reasons for failure in readiness for reengineering are:

i) Lack of sustained management commitment and leadership; (ii) Unrealistic scope and expectations; (iii) Resistance to Change; (iv) Process being viewed and applied at tactical, rather than strategic, levels.

It is interesting to note that, among other failure factors are lack of top management support and financial resources (Aggarwal, 98; Al-Mashari and Zairi, 12), people resistance (Stoddard et al., 56; Peppard and Fitzgerald, 77; Mumford; Ranganathan and Dhaliwal,1), IT related problems (Al-Mashari and Zairi,56; Ranganathan and Dhaliwal,34; Smith,70), and ineffective Reengineering teams, lack of project management, and problems in communication (Al-Mashari and Zairi, 23;Smith, 57). Resistance to change is the act of opposing or struggling with modifications or transformations that alter the status quo in the work place. This kind of act is taken by individuals and groups when they perceive that a change that is occurring as a threat to them. Many authors (Lawrence, Maurer and Strebel, Waddell and Sohal) stress that the reasons for the failure of many change initiatives can be found in resistance to change. Resistance to change introduces costs and delays into the change process (Ansoff) that are difficult to anticipate (Lorenzo) but must be taken into consideration. Resistance has also been considered as a source of information, being useful in learning how to develop a more successful change process (Beer and Eisenstat, Goldstein, Lawrence, Piderit, Waddell and Sohal). Undoubtedly, resistance to change is a key topic in change management and should be seriously considered to help the organization to achieve the advantages of the transformation.

The risky nature of Reengineering has tended to detailed investigation of its critical success and failure factors (Caron et al., 199; Clemons et al., 95; Hammer, 45-50; Hammer and Champy, 71-82, Laudon and Laudon, 8; Adigun and Biyela, 3; Reijers and Mansar, 45; Abdolvand et al 62) and many researchers (Ariyachandra & Frolick 20; Bandara, Gable, & Rosemann 45) have tried to identify critical success factors of Reengineering. The critical success and failure factors measurement can determine the risk level in the re-engineering projects implementation.

Critical Success Factor (CSF) approach is “the determination of the set of factors that the manager considers critical for success. CSF can be characterized as: internal (endogenous) or external (exogenous) to the organization. Pinto and Slevin (7) defined critical success factors as “factors which, if addressed, would significantly improve project implementation chances”. According to Flynn and Arce (45), “An internal CSF has related actions taken within the organization, while an external CSF has related actions performed outside the organization”. Internal CSF related to situations or issues within managers control while external CSF may not be controlled.

Successful implementation of Reengineering involves understanding and deployment of several critical success factors. To date, different researchers have defined different CSFs for successful reengineering implementation. Guimaraes (78), Motwani et al. (12), and Terziovski et al. (48) have emphasized on “change management,” and explained “information technology” as two more critical success factors. Project management, strategic planning for reengineering projects, change management, competitive pressures, resources availability, IT capabilities, and top management support are examples of some success factors that have shown influence on success of the implementation of reengineering projects (Wells, 2000; Terziovski et al., 14; Sung and Gibson, 134). Jamali, Abbaszadeh, et al. (11) identified seven CSFs - Collaborative working environment, top management support and commitment, IT infrastructure, training, less bureaucratic structure, culture, adequate financial resources. Herzog et al (65) identified seven crucial areas based on a synthesis of reengineering literature, which must be practiced to achieve effective process reengineering, namely, management commitment, education and training, team work, reengineering project characteristics, employee cooperation, information technology support, levers and results.

Crowe et al. (72) have grouped the success factors in four main group and totally 17 sub-factors. Main groups are “egalitarian leadership,” “working environment,” “top management commitment,” and “managerial support.” The failure factor is introduced just as “employee resistance,” which has four sub-factors.

The above survey of literature related with readiness for reengineering in particular and other aspects of the reengineering in general have enlightened a path of modeling for assessing readiness for reengineering.

2.3 Strategy: The word strategy has its origin in the military (Blackerby, 23). By the mid-18th century, strategy was a word used by military officers to make a distinction between tactics - the conduct of battle - and all the preparations that took place before the battle. Strategy referred to the preparations (Smillie and Hailey, 92). It was believed that proper preparations ensured success on the battleground.

2.3.1 Transferring strategic planning to organizations: The first attempt to formalize how organizations can make preparations to deal with the future was attempted by Fayol in 1916 (Robson, 13). In the early 1920’s, Harvard Business School developed the Harvard Policy Model, one of the first strategic planning

methodologies for private businesses. This model defined “strategy” as a pattern of purposes and policies defining the company and its business (Blackerby, 24).

It was however not until the 1950’s and 60’s when the expansion of both organization and business opportunities demanded a systematic way of looking at the future. It was around this time that the concept of strategy first appeared in organizational theory as a military metaphor (Hatch, 101). This time strategic planning focus shifted away from organizational policy and structure toward the management of risk, industry growth, and market share (Blackerby, 25). This led to the birth of long-range planning. The purpose of long-range planning was to define the organization’s objectives and allocate resources to achieve them.

A key activity was to identify gaps between the “envisioned” organization and the current organization. It however became immediately known that extrapolating trends into forecasts was not always accurate, and that the growth experienced in the 1950’s and 60’s could be interrupted and that new opportunities that no one had foreseen were possible. It therefore became accepted that the “planning gap” was not the most crucial aspect of strategy formulation (Robson, 13).

2.3.2 From long range planning to strategic planning: In the 1970’s strategic planning as a term replaced long-range planning with the recognition that trends have the potential for change. Strategic planning did not incorporate the assumption that adequate growth could be assured. Strategic planning was much more concerned with market competition since the more limited expansion of markets and products could not support the growth aspirations of all the industry players.

Robson (13) however noted that despite the differences between long-range planning and strategic planning, they were both based on three key assumptions:

- a) Environmental forecasting is sufficiently accurate to predict the future. Strategy formulation is a rational process;
- b) Objectives can be formulated and alternatives can be identified and optimized.
- c) The behavioral dimension can be ignored.

But, forecasting, especially long-term, is inevitably inaccurate. Important factors such as product life cycles cannot be predicted and behavioral and cultural aspects are hugely significant to the formulation and implementation of strategy.

In the 1970s therefore, most people came to see strategic plans as irrelevant and most organizational critical decisions were made outside the strategic plans. This failure led

to uncertainty analysis or the discovery of competitive rules and principles through industry analysis and scenario management, contingency planning. These helped the managers to understand uncertainty. The challenge was to identify which of those uncertainties will be critical to one's particular organization.

Stonehouse and Pemberton (3-5) observed that in the 1980's the dominant paradigm was that of competitive positioning based on the work of Porter and centering on the premise that a business positions itself within its competitive environment with the aim of generating superior performance. In the 1990's, the resource or core competences based school of strategic management gained momentum, suggesting that competitive advantage arise from an organization's internally developed core competencies. This approach emphasizes that competitive advantage depends upon the behavior of the organization rather than its external competitive environment.

2.3.3 From strategic planning to organizational learning: Beginning in the 1990's strategic planning and management regained a new importance by focusing on understanding the general principles that govern competition. Developments in strategic management have de-emphasized planning and emphasized learning and adaptability, drawing upon systems thinking and chaos theory (Senge, 281-284; Senge et al, 3-5). With this development the value of historical data has shifted from a direct forecasting role to one in which it is primarily to enable the search for patterns, which alert the organization of the arrival of inevitable discontinuities. In this approach, adaptability to emergent chaos is preferred over long-term blue prints.

Until the mid-1980s strategic planning remained mostly a private sector undertaking. Notions of customers, marketing, industry growth, and market share and risk management were foreign to the public sector (Blackerby, 25). The adoption of strategic planning in NGOs is even newer (Kemp and Kemp, 4-6; Wallace, 40). For this reason the level of understanding and practice of strategic planning among NGOs is still low.

2.3.4 Strategic planning as a learning process: Drucker (568) defined strategic planning as, "the planning for an organization's future that includes setting major overall objectives, the determination of basic approaches to be used in pursuing these objectives and the means to be used in obtaining the necessary resources to be employed". Adair (198) emphasizes that strategic planning is about determining what is important in the long term for the organization. In other words strategic planning is

about determining an organization's key priorities in the long term that the organization should start working on today.

The two definitions above show that there are two key components to strategic planning. These are the destination that the organization is aiming at and the paths to get to that destination. To clarify this point further, Adair (198) brings the concept of strategic thinking. He points out that strategic thinking in an NGO leads to identification of the organization's ideal picture or the organization's destination. Strategic planning he notes, leads to the development of plans that will enable the organization to realize its ideal picture. Strategic thinking is usually long term. It may cover a period of 10-20 years. Strategic planning may cover a period of 3-5 years.

The result of strategic planning is the production of strategies that the organization will implement. Drucker (568) defines strategy as the basic approach to achieving the organization's overall objectives. An example of strategy is that of Singapore as a country. At independence in 1965, faced with the challenge of having no economic base and no natural resources and hostile neighbors who were determined to see it fail, and the goal to become self-reliant under such circumstances, Singapore settled on a two pronged strategy to overcome its disadvantages. The first was to leapfrog the region to link up with the developed world, America, Europe and Japan and attract their manufacturers to produce in Singapore and export their products to the developed countries. The second strategy was to create a first world oasis in a third world region by establishing first world standards in public and personal security, health, education, telecommunications, transport and services in order to attract entrepreneurs, engineers, managers and the professionals who had to do business in the region. This meant training people to equip them with first world standards of service (Lee, 57-58). Through the two strategies Singapore managed to transform itself from a typical third world country to a first world country in a period of 30 years. This is one of the most noticeable illustrations of successful strategic planning and resulting in implementation of strategies that could be replicated by others.

Most strategic planning processes in local NGOs do not clearly articulate the desired future towards which the organization should move, the goals the organization is pursuing and most importantly the strategies the NGO will use to realize the goals. NGOs need strategies in 3 main areas. These are: service delivery, internal capacity

building and the relationships with other stakeholders. According to Fowler (2) strategies for service delivery for example includes:

- a) Provision of resources
- b) Training beneficiaries in various skills and competences
- c) Facilitating community or organizational development processes
- d) Coordination and networking
- e) Advocacy

2.3.5 Strategic planning and organizational learning: Strategic planning is not a once off event. It is a continuous organizational learning process. Johnson (24) observes that organizational learning occurs when organizational members function as a whole along three critical dimensions: the need to think insightfully about complex issues, the need for innovative and coordinated action and the movement of workers from one team to another to increase organizational learning. The learning approach implies that strategy is both intended and unintended. Despite the certainty implied by the strategic planning process, in reality strategy is often a much more fluid process which depends as much as looking for and grasping opportunities and responding to emerging threats as it does on attempts to create a framework as a guide (through the strategic planning process) (Dainty and Anderson, 316).

Meanwhile, Henry Mintzberg (132-143) started another serious debate about the unintended learning aspects of strategy known as emergent strategy. Unintended or emergent aspect of strategy is known as a set of results that was not intended as an outcome. Though unintended consequences may be anticipated or unanticipated, they should be product of specific actions within the process. He opined that emergent strategy is characterized by order, but in the absence of intention about it. It is although difficult to imagine action in the total absence of intention. Emergent strategy does not mean chaos, but in essence unintended order. He saw that the strategy which actually gets followed in an organization comes from two directions. Part of the intended strategy, developed through an explicit strategy process, does carry forward into the realized strategy. But the realized strategy is also based on an emerging sense of what strategy should be, that arises from practical experience and day-to-day incidents that are incorporated in the process. There are a number of reasons for taking emergent strategy seriously.

Most planned strategy processes involve a fixed and usually lengthy cycle. Speed of response is tied to the cycle, and this often isn't good enough. Rather than searching for accuracy, and deliberating carefully, it may often be better to act quickly, learn through action, and potentially shape the environment in a positive way by doing so. Given that the unintended or emergent strategy process will shape the future in many organizations, a pertinent question arises as to whether unintended strategy produce better results. Stephen Scott (54-61) has reviewed some of the previous research studies, and has identified some guidelines for improving the quality of the process. These focus on what we should pay attention to, and the ways we talk to each other, explain and argue. They lead to a new strategic cycle. People do not go round the cycle by following a fixed script. It describes what happens spontaneously, if people follow the emergent strategy guidelines in dealing with day-to-day events. There are no clear limits on the speed of the cycle. At any time, people can be at different points in the cycle for different subjects of concern. Strategy formation is therefore a constant activity, which can respond immediately to events whenever they happen.

Strategic planning is not a panacea for NGO challenges. Smillie and Hailey (110-113) observed that formal strategy is not the magic bullet that many have made it to be. They noted that five out of nine cases they studied of South Asian NGOs went through their first decade without a formalized strategic planning process with two surviving for more than 20 years without one. They concluded that this does not mean however that formal strategic planning in NGOs is without purpose, but it does imply that the volatile financial and political environments in which many Southern NGOs work can quickly render formal strategies obsolete. They contend that having established core values, highly effective leadership and formal and informal systems for adapting to change may be more important than strategic plans alone.

Brok (21) observed that NGOs that have survived past three decades have done so with a passionate commitment to a set of values and not necessarily strategic plans. Fowler (47- 49) argues that the benefits of strategic planning in NGOs may be overrated. He argues that in order to realize more benefits, NGOs must move away from preoccupation with strategic planning to strategic management. He noted that there is a danger in many NGOs to make strategic planning a substitute for managers with a strategic perspective.

Hudson (173-174) identified a number of circumstances in which strategic planning for an NGO may not be appropriate or will not benefit the organization. Among these are:

- a) Organizations need to have sufficient independence to select their own objectives and deploy resources to achieve them. This is often constrained by power imbalances in donor - NGO partnerships.
- b) Leadership commitment to the process. If leadership is not committed, skepticism will creep in and the strategic planning process will not be effective.
- c) Lack of a major crisis. Strategic planning works well when the organizations are well-balanced and stable. The process will not work well in a situation of high staff turnover and when the loss of a major donor is imminent for example.

Strategic planning as a continuous process and not only as the strategic plan document is of critical importance to NGOs because they operate in an environment characterized by an increased pace of change, discontinuous change, complexity and unpredictability.

According to Strickland (11), in order to ensure adequate resources, legitimacy and relevance strategic planning must therefore enable NGOs to gain the capabilities of agility, flexibility and speed. Agility is the ability to always be on top of current and new issues and trends and to use this to organizational benefit. Flexibility is the willingness to change and to admit that the direction in which we were going is not the right one. Speed means reducing the time between formulating the strategy and the time it is implemented. These abilities will in turn enable the organization to anticipate, create and guide change and create commitment and conviction among the NGOs' members (Bardwick, 135-136). These again are characteristics of higher stages of development in organizations. And most organizations currently are at lower stages of development (Covey, 13).

2.4 Knowledge Management (KM): A reviews of the literature reveals that there are many different definitions for knowledge management. In general, "knowledge management refers to identifying and leveraging the individual and collective knowledge in an organization to support the organization in becoming more competitive" (Carlsson, 195).

2.4.1 KM Processes: Knowledge management existing in the literature differ considerably in the terms of numbers and labeling of processes rather than the

underlying KM concepts (Alavi and Leidner, 70-74). It is subsequently important to review this literature. For example, Grant (37) distinguishes between two key processes, namely the generation of new knowledge and the effective application of new and existing knowledge. From another perspective, Ruggles (57) defines eight processes; namely, Generate; Access (from external sources); Facilitate (through culture and incentive); Present (in documents, databases and software); Embed (in processes, products, and/or services); Use (in decision making); Transfer (into other parts of the organization); Measure (the value of knowledge assets). There are many different approaches to label the KM processes. At large, most concepts are considering the four basic processes of creating, storing, sharing, and applying knowledge as the key processes (Alavi and Leidner, 11).

2.4.2 Knowledge Creation: The creation of knowledge is explained by different theories, which tend to approach the area of knowledge creation from either a technology perspective, including the knowledge discovery in databases process and data mining, or from a people perspective, including Nonaka's Knowledge Spiral (Wickramasinghe, 16-24).

Four basic patterns of creating knowledge in organizations have been identified which form the basis of Nonaka's Knowledge Spiral of knowledge creation (SECI model), namely socialization, externalization, combination and internalization (Nonaka, 134-36; Nonaka and Konno, 84-88; Nonaka and Takeuchi, 91-95).

2.4.3 Knowledge Storing: The second main KM process identified through the literature is knowledge storing. Research has shown that organizations not only create new knowledge but they also forget or lose track of the acquired knowledge (Argote, Beckmann and Epple, 65, Darr, Argote and Epple, 145-157). Therefore, effective ways to store and organize knowledge have to be found (Grant, 65-68). Knowledge which is stored within the organization is often referred to as "organizational memory" (Stein and Zwass, 24-29) and includes physical resources (like written documentation, structured information stored in electronic databases, codified human knowledge stored in expert systems, documented organizational procedures and processes) as well as non-physical sources (knowledge stored in the heads of the employees-also referred as individual memory) (Alavi and Leidner, 46-51; Tan, Teo, Tan and Wei, 174-178). Based on the discussion of the concept of knowledge it is evident that tacit knowledge cannot be codified and stored in physical resources, it has to be

transformed into explicit knowledge (Cuel, Bouquet, and Bonifacio,6-14). Explicit knowledge which is stored in physical resources is more likely to be permanent than knowledge which is stored in the minds of individuals (Hellelo id and Simonin, 62-65).

2.4.4 Knowledge Sharing: Along with knowledge creation and knowledge storing, knowledge sharing represents another important KM process which has been discussed extensively in the literature. It is not enough to create knowledge, there must be an intention to use and share it (Dixon, 123-139; Macklup, 80). Syed-Ikhsan and Rowland (15-34) believe that knowledge transfer requires the willingness of a group or individual to work with others and share knowledge to their mutual benefit. Research has found that in order to share knowledge with others, two knowledge sharing approaches are commonly used: codification and personalization (Hansen, Nohria and Tierney, 12-19) also referred to as repositories and networks (King, 122-127).

Codification perspective: Codification strategy presumes that knowledge can be disconnected from its source (objective view of knowledge) and as such deals with the capture and storage of knowledge representations in electronic repositories /databases, independent of the individual that generated it.

Personalization perspective: Personalization strategy, on the other hand presumes that knowledge cannot be disconnected from its source (subjective view). Knowledge can be shared through person-to-person interactions or networks. Networks facilitate communication among team members or among groups of individuals who are not necessarily identified a priori. The interactions can be face-to-face with a shared context or mediated by technology as in email, instant messaging, text messaging, video conferencing, groupware, etc.

Knowledge Application: The last of the four main KM processes identified through the literature and to be discussed is knowledge application. The assumption that the source of competitive advantage resides in the application of the knowledge rather than the knowledge itself, is an important aspect of the knowledge-based theory of the firm (Alavi and Leidner, 61, Grant, 60-61). Grant (96) identifies three key mechanisms for the integration of knowledge in order to create organizational capability (Alavi and Leidner, 54-58): Directives, Organizational routines and self-contained task team.

2.4.5 KM Infrastructure: Knowledge management refers not only to managing the KM processes but also to managing and creating an organizational structure and culture that facilitates and encourages the creation, storing, sharing and application of

knowledge that enables a corporate strategic advantage (Walczak, 42-51). If organizations introduce a knowledge management initiative without having a managerial support structure in place, they will soon find that the investment in knowledge management does not produce the benefits they strived for (Goh, 12; Nahm, Vonderembse and Koufteros, 23-28; Swan, Newell and Robertson, 56-63; Walczak, 52-59; Zammuto, Gifford and Goodman, 40-51).

Out of the variety of factors for the KM infrastructure addressed in the literature, three main factors seem to be most important for the knowledge management support structure and can be found in almost all models: organizational culture, organizational structure, and IT support. The three factors will be explained in more detail in the following sections.

2.4.6 Organizational Culture: Organizational culture can be defined as the shared, basic assumption that an organization learnt while coping with the environment and solving problems of external adaption and internal integration that are taught to new members as the correct way to solve those problems (Park, Riebere and Schulte, 54; Schein, 85-92). Each organization has a unique culture, which develops overtime to reflect the organization's identity in two dimensions: visible and invisible. The visible dimension of culture is reflected in the espoused values, philosophy and mission of the organization. The invisible dimension reflects intangible aspects of organizational culture such as unspoken set of values and hypotheses that guide employees' actions and perceptions in the organization (McDermott and O'Dell, 11-24).

A number of different models of organizational culture have been identified throughout the organizational literature. The model adopted in the present study, is the Competing Values Framework (CVF) of organizational culture (Quinn and Rohrbaugh, 83). The CVF emerged from studies of factors that account for highly effective organizational performance and was developed in response to the need for a broad applicable model that would foster successful leadership, improve organizational effectiveness, and promote value creation (Thakor, Cameron, DeGraff and Quinn, 116-28). The first model developed by Quinn and Rohrbaugh (54) has been modified over the last two decades and today it is used to explain the underlying relationships that reside in organizations, leadership, culture, decision making, motivation and more (Thakor et al., 12-26). The instrument assesses organizational culture in terms of four

key factors. Each one of them is related to a set of core values, beliefs and assumptions that represent the different culture types within an organization.

The core values of each of the four culture types defined by Cameron and Quinn (99) are:

Clan culture characterized as a family-type organization. A clan culture is represented as a friendly place to work, where people share a lot of themselves. Leaders are viewed as mentors and facilitators. The glue of the organization is loyalty and tradition, and a high level of commitment exists among members. Clan organizations emphasize individual development, morale, teamwork, participation, and consensus.

Adhocracy culture is characterized as a dynamic, entrepreneurial, and creative organization. Leadership is thought to be visionary, innovative, and risk oriented. A commitment to experimentation and innovation exist amongst members to place the organization at the leading edge of new knowledge, products, or services. Emphasis is on rapid growth and acquisition of new resources, and success is based on products and services that are unique and original.

Market culture: includes organizations characterized by being result-oriented. Leaders are viewed as tough, demanding, hard-driving producers, and competitors. There is an emphasis on winning over the competition. The organization is concerned with competitive actions and with achieving goals and target markets. Success is a matter of market share and penetration.

Hierarchy culture: is characterized by formal rules, structures, and policies. Procedures are the core principle in the organization. Leaders are perceived to be effective if they are good coordinators and organizers. Stability, predictability, and efficiency are important for the organization in the long run.

2.4.7 Relationship between Organizational Culture and KM Processes: Despite the statement that organizational culture has been identified as the main obstacle to knowledge management (Ribiere and Sitar, 53-61), very little is known about how organizational culture contributes to or impedes knowledge management (Gray and Densten, 45-51).

There is a lack of research investigating KM as a function of organizational culture (such as the CVF). Only one empirical research study could be found using the CVF for the research on the relationship between organizational culture and KM. Roman-Velazquez (54-59) studied the organizational culture composition, based on the

Competing Value Framework (CVF), and its relationship with knowledge management success and the approach for knowledge flow. The paper shows that an organization whose business strategy requires process efficiency (which would represent organizations with a Hierarchy culture type within the CVF) should rely primarily on a codification strategy.

An organization whose business strategy requires product/process innovation (which would represent organizations with an Adhocracy culture type within the CVF) should rely primarily on a personalization strategy.

In summary, literature relating to the relationship between organizational culture and KM processes is still scarce and focuses primarily on the impact of single factors of organizational culture on knowledge sharing. These results suggest that factors such as trust, reward systems, interaction between staff are positively related to knowledge.

2.4.8 Structure: Another important element of the KM infrastructure is the organizational structure. Organizational structure is the formal system of task and authority relationships that control how people coordinate their actions and use resources to achieve organizational goals. Organizations can be structured on a continuum of being either totally centralized (managers at the top of the hierarchy have all power to make important decisions' for the organization) to totally decentralized (power of decision making is delegated to managers on lower levels) (Davidson and Griffin, 65-71).

2.4.9 Relationship between Organizational Structure and KM Processes: The organizational structure has also been shown to influence KM processes. Previous research suggests that centralized structures discourage interdepartmental communication and frequent sharing of ideas due to time-consuming communication channels; it also causes distortion and discontinuousness of ideas (Stonehouse and Pemberton, 1999). On the other hand, there is evidence that the diffusion and implementation of existing knowledge is better supported through a centralized organizational structure (Adler, 61; Galbraith and Merrill, 123-36; Van den Bosch, Volberda and De Boer, 43-51; Volberda, 65-71).

In summary, the literature found for research on the relationship between organizational structure and KM processes is still underdeveloped and focuses primarily on the impact of organizational structure on knowledge sharing. With the result that centralized structures on one side can hinder knowledge sharing and with it

the creation of new knowledge due to time-consuming communication channels, but on the other side can support the diffusion of existing knowledge throughout the organization. What is yet to be explored in research is the potential impact of organizational structure on KM processes.

2.4.10 Information Technology (IT) Support: Information Technology (IT) has been identified in the literature as another important element of the KM infrastructure. IT may consist of computers, computer networks and other pieces of hardware. It also consists of software that enables the system to manage and process data, information and knowledge in ways that are useful for the organization (Davidson and Griffin, 66-74).

The processes used to integrate IT as an institutional resource are likely to be shaped by institutional size, mission, financial resources, traditions, and organizational culture (Fedrick, 156-169). Depending on which organizational culture is dominant, organizations may use IT. Cooper and Quinn (133-39) used the framework of Quinn and Rohrbaugh (24-26) which classifies the four quadrants as Human Relations (identical to Clan Culture by Cameron and Quinn, 122-130), Open Systems (identical to Adhocracy culture by Cameron and Quinn, 122-130), Rational Goal (identical to Market culture by Cameron and Quinn, 19) and Internal Process (identical to Hierarchy culture by Cameron and Quinn, 69-75). Cooper and Quinn (105-112) then used the framework to map capability and technical characteristics to the Competing Values Framework.

Further to the influence of organizational culture on the integration of IT as an institutional resource, IT seems to be influenced further by organizational structure: Schroeder and Pauleen's (67-72) previous research on knowledge management and IT governance suggest that the planning and coordination of such a network communication platform is easier in centralized organizations where organizational activities are organized by top management. These findings are supported by other researchers (Sambamurthy and Zmud; Weill, 123; Schroeder and Pauleen, 56-60). Overall, the literature provides evidence that the integration of IT systems as an institutional resource is influenced by organizational culture as well as by organizational structure.

2.4.11 Relationship between IT and KM Processes: Research has also demonstrated a relationship between IT and KM. For instance, many researchers have found that IT

is a crucial element for efficient knowledge processes (Davenport and Prusak, 62) for the following reasons: (a) IT facilitates rapid collection, storage and exchange of knowledge on a scale not practicable in the past; (b) a well-developed technology integrates fragmented flows of knowledge. This integration can eliminate barriers to communication among departments in an organization. In summary, This section provided a brief overview about the recent literature with respect to the main KM processes (creation, storing, sharing and application) as well as an overview about the necessary KM infrastructure (organizational culture, organizational structure and IT support) to support these processes.

2.5 Organizational Performance (OP), the Financial and Non-financial Measures:

Traditional methods for measuring organizational performance were primarily concerned with accounting-based, financial measures which are quantifiable and could be used to support strategic planning and other management planning (Lehr and Rice, 52-61). For profit-seeking organizations, the financial perspective provides a clear long- run objective, but it provides a constraint rather than an objective for nonprofits (Kaplan, 211-214). But for-profit organization researcher have also recognized that financial measures by themselves are inadequate for measuring and managing performance, since financial reports measure only past performance but communicate little about long-term value creation (Kaplan and Norton, 123-135).

However, nonprofit organizations still struggle with the question on what they should base their performance measurements. Kaplan (211-214) suggests that success for nonprofits should be measured by how effectively and efficiently they meet the needs of their constituencies and recommend a modified balanced scorecard as the organizational performance measurement tool. Balanced Scorecard (BSC) is a strategy management system that helps managers to translate organization strategy into operational objectives and its implementation. BSC framework looks at the strategy from four different perspectives i.e. financial, customer, internal business processes and learning and growth. Thus, it brings in the necessary clarity to strategy. Further, implementation of BSC ensures that strategy gets communicated to all the employees suitably to facilitate implementation by them (Kaplan, 212). Kong (46-61), on the other hand, discourages the use of the balance scorecard for measuring organizational performance in nonprofit organizations. He believes strategic management approaches that are based primarily on the notion of competition and customers are generally

unacceptable to the nonprofit sector (Kong, 46-61). Furthermore, he argues that the cause-and-effect relationships among the four BSC elements (learning and growth, internal process, customer, financial performance) do not work in nonprofit organizations as the expectations and demands of various constituencies are often conflicting and even contradictory (Kong,46-61). Instead, he recommends following the intellectual capital (IC) approach because of its adaptability to the challenges posed by the nonprofit environment in the knowledge economy. In his view, theoretical roots of intellectual capital which come from the internal focus associated with the core competence theory helps to shift strategic focus of nonprofit organizations to intellectual resources, including knowledge, skills and experience (Kong, 46-61).

2.5.1 Intellectual Capital (IC): One way to assess performance is via IC. Klein (1) defines IC as “knowledge, experience, expertise, and associated soft assets, rather than their hard physical and financial capital”. Following the work of a number of scholars in the field of intellectual capital, it encompasses three primary interrelated non-financial components (Bontis, 58-71): Human Capital, Structural Capital and Relational Capital. Each will be discussed in turn.

First, Human Capital includes various human resource elements like attitude, competencies, experience and skills, and knowledge (Guerrero, 3; Roos and Jacobsen, 56- 58). It represents the tacit knowledge embedded in the minds of people in organizations (Bontis, 132-139; Bontis, Crossan and Hulland, 32). Human capital is important to organizations as a source of innovation and strategic renewal (Bontis, 132; Bontis et al., 32; Webster, 432).

Second, Structural Capital refers to the learning and knowledge enacted in day-to-day activities. The pool of knowledge that remains in an organization at the end of the day after individuals within the organization have left represents the fundamental core of structural capital (Grasenick and Low, 20). Structural capital becomes the supportive infrastructure for human capital. It includes all of the physical resources for knowledge storing in organizations - such as databases, process manuals, strategies, routines, publications and copyrights - which create value for organizations, thus adding to the organizations’ material value (Bontis, Chua and Richardson, 56-60).

Third, Relational Capital characterizes an organization’s formal and informal relations with its external stakeholders and the perceptions that they hold about the organization, as well as the exchange of knowledge between the organization and its external

stakeholders (Bontis, 45-53; Fletcher, Guthrie, Steane, Roos and Pike, 3-21; Grasenick and Low, 143-162). Relational capital is important to an organization because it acts as a multiplying element creating value for the organization by connecting human capital and structural capital with other external stakeholders (Ordonez de Pablos, 2004).

The three IC components (human capital, structural capital and relational capital) are interdependent (Subramaniam and Youndt; Youndt, Subramaniam and Snell, 57-73). IC provides the best possible value to organizations through the combination, utilization, interaction, alignment, and balancing of the three types of intellectual capital and as well as managing the knowledge flow between the three components. Whilst the IC perspective was first developed as a framework to analyze the contribution of intellectual resources in for-profit organizations Kong and Thompson (24) argue that the IC concept is equally relevant to nonprofit organizations.

One influential and recent model of IC was proposed by Moon and Kym (62). They criticized that previous approaches on measuring IC had taken one of the two approaches: According to their model, the three dimensions (human, structural and relational capital) of IC can be further subdivided into sub factors. The dimension human capital has three sub factors are employee capability, employee satisfaction and employee sustainability. Structural capital comprise the sub factors culture, organizational process, information systems and intellectual property, while relational capital is divided into the three sub factors customer, partner and community (Moon and Kym, 67-72).

For each sub factor a set of measurement indicators was identified like “employees level of knowledge of their work” for the sub factor employee capability; “satisfaction level with job environment” for the sub factor employee satisfaction; or “timeliness”, “usefulness”, “relevance” for the sub factor information systems. In total 35 measurement indicators were identified for the ten different sub factors and tested for reliability and validity.

In summary, the concept of IC was introduced as a nonfinancial measurement tool for evaluating organizational performance and the model of Moon and Kym for measuring IC in organizations was described. The following paragraph will provide an overview about the research on the impact of KM on OP.

2.5.2 Relationship between KM and OP: In the last years, different studies have addressed the issue of how knowledge management influences organizational performance and indicate that there is a positive relationship between efficient and effective application of knowledge management and organizational performance (e.g. Gold et al., 1, Hasan and Al-Hawari, 45-51, Lee and Lee, 78-83).

However, the role of knowledge management processes and infrastructure in regards to organizational performance is not consistent in the literature. Some studies have recognized both KM infrastructure and KM processes as antecedents for organizational performance (e.g. Gold et al.). Gold et al. analyzed the relation between KM process capabilities (acquisition, conversion, application, protection) and KM infrastructure capabilities (technology, structure and culture) and organizational effectiveness based on a survey among senior executives in the United States. Organizational effectiveness was measured through questions related to for example improve ability to innovate, rapid commercialization of new products, responsiveness to market changes, and reduced redundancy of information/knowledge (Gold et al.). Their results showed a positive influence of both KM processes and KM infrastructure on organizational effectiveness. Furthermore, the results of their research seemed to emphasize that both KM processes and KM infrastructure contributed uniquely to the achievement of organizational effectiveness.

2.6 Research Gap: Literature survey made it possible to come across few studies on NGOs service provision and service delivery role. Discussions on studies related to service delivery revealed that most of the studies were focused on the service flaws and approaches adopted by the NGOs. Also the relationship of NGOs with donors and beneficiaries in context to service delivery was highlighted by researchers on same perspective. Literature review also revealed NGOs dependence on donors. That makes the decision making more towards donor driven. Moreover NGOs could not properly decide its role as service provider or being advocates for the rights of the people. But, most of the studies reflected mostly on NGOs service provisions not exclusively on service delivery processes. No study was found that discussed on service delivery process in India.

Very few studies highlighted the importance of strategic planning of NGOs. Literature review revealed that strategic planning is mostly used in for profit sector and an ignored area by NGOs. No such study is found so far, which has given stress on

strategic planning and its impact service delivery, relevancy and legitimacy of the services provided by the NGOs.

Literature review explained the perception of customers on service quality. But no such study could be found that addressed beneficiary perception on service delivery of NGOs in India.

Different studies have addressed the issue of how knowledge management influences organizational performance and indicate that there is a positive relationship between efficient and effective application of knowledge management and organizational performance (e.g. Gold et al., 1, Hasan and Al-Hawari, 45-51, Lee and Lee, 78-83). But no study could be found that addressed knowledge management practices and its components, intellectual capital and uses of IT in NGO sector.

Literature review revealed that Reengineering as a change management tool has shown dramatic results in performance. But no studies found that addressed this radical change initiative for NGO sector.

Hence strong need is felt to study the service delivery process and strategic planning adopted by NGOs. Discussion so far also highlighted that strategies, knowledge management infrastructure and intellectual capital could be best tools to assess the flaws in delivering services. Also there is strong need on focusing on the issues of managing change in the process by adopting reengineering as a tool.

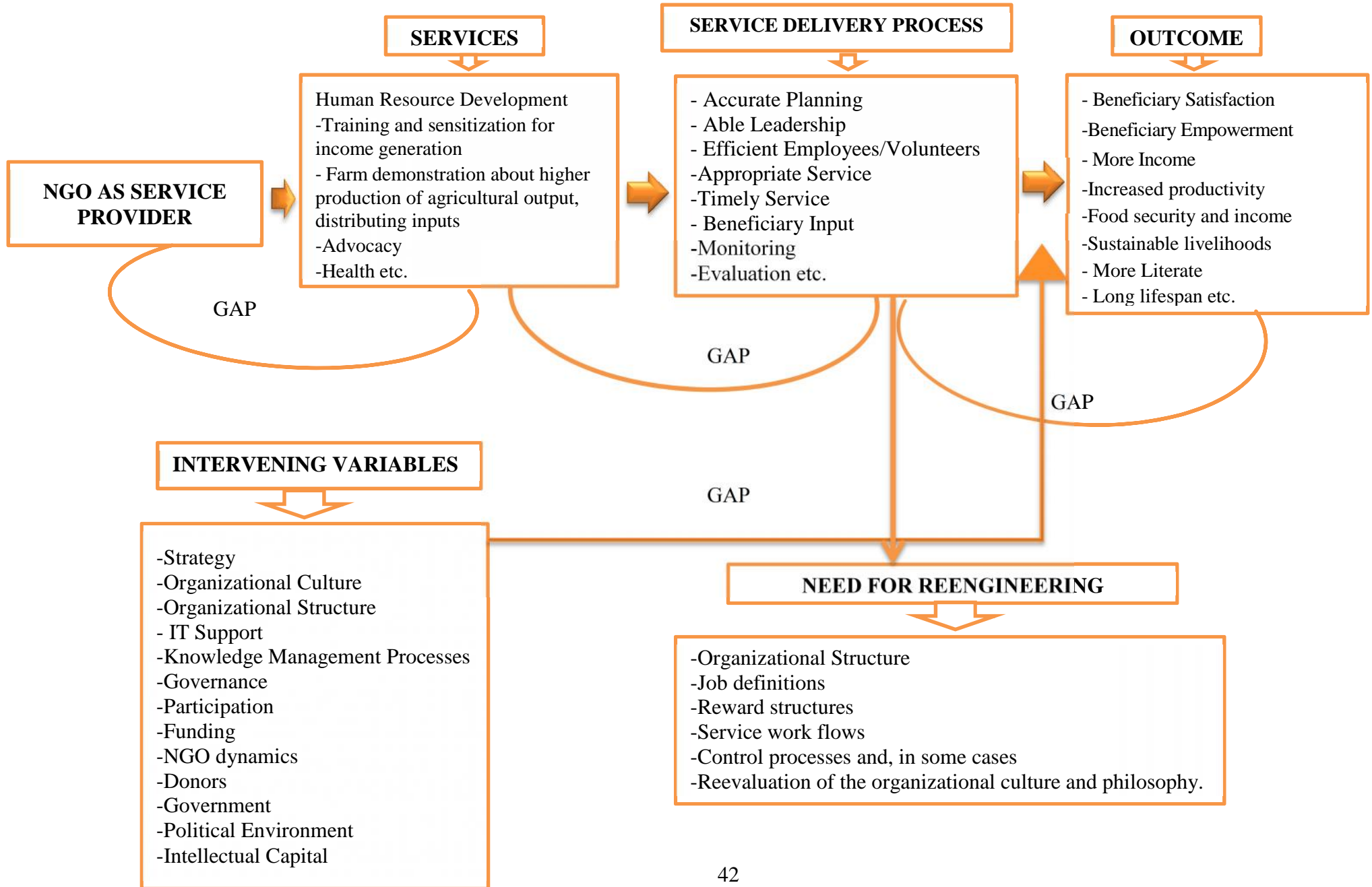
2.7 Statement of the Problem: In modern development discourse, one area that has gained considerable attention has been the impact delivered by NGOs mainly because their work is understood to have direct and obvious effects on the lives of poor and marginalized people. Society has high expectation from these organizations (Speckbacher, G., 203). Though over the years large numbers of NGOs have mushroomed but yet they may not have been able to meet the expectation of the society to a greater extent. Lots of funds have been given by several organizations but it is still a question whether they could easily carry out their job properly. The problem may lie in organizational structure or the process etc. Despite these high expectations from the society it has been observed that service delivery process of NGOs require dramatic change. Hence it has become important to determine the obstacles which might be hindering effective delivery of services as per needs and wants of people. It has also been found from the literature that Re-engineering can be the best tool to be used to make radical changes in the service delivery process of NGOs.

Literature survey highlighted that service delivery process is an important component of NGOs and still it is unexplored in Assam in particular and India in general. The research gap explained that there is a need to study service delivery process and its effects on beneficiaries. The statement of problem urge upon an attempt to explore the relationship of strategic planning with the performance of the NGOs. Also, the study will examine how the services are delivered and challenges encountered. Furthermore, the study will explore the effect of knowledge management of the studied NGOs and its impact on intellectual capital. In the next chapter we will discuss on the methodology adopted by the researcher to conduct the study.

From the above literature review the study formulated two conceptual Frameworks which are shown in table 2.1 and table 2.2. The first framework (table 2.1) is drawn on the basis of the literature review. This framework helped to understand the roadmap of the study. The Second framework, (table 2.2) is drawn on the basis of the concepts reviewed. This framework guided the research undertaken.

Figure 2.1

Conceptual Framework



CONCEPTUAL FRAMEWORK OF THE STUDY

