

Chapter 1

Introduction

Non-governmental organizations (NGOs) are considered as important actors on the landscape of development, (Lewis & Kanji 29-34). Likewise, Carroll (112) points out that service delivery of NGOs are 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. While service delivery has a strong intrinsic value, it should really be evaluated on the basis of its instrumental value as a catalyst for other developmental changes. 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. Furthermore, Reengineering is one of the most widely used change management initiative that focuses on redesigning work processes to enhance productivity and competitiveness. All these facts fascinate to examine the service delivery role of NGOs and need for reengineering. The first chapter introduces the study by giving a brief background to NGOs, strategic planning, service delivery process, reengineering and other related concepts.

1. Concepts:

1.1 Non-Governmental Organizations (NGOs): According to Holloway (15) Non-Governmental Organizations (NGOs) are a group of organizations distinct from government institutions and business organizations. Their distinctive feature is that they are formed to complement, supplement and offer alternatives to government development efforts.

Local NGOs are finding themselves in an increasingly complex environment characterized by:

- a) A relatively unstable and insecure world order resulting into diversion of development aid into fighting terrorism. Increasing incidences of natural and man-made disasters also aggravates this (Patel, 27).

Possibility of local NGOs being displaced by social movements as agents of structural change while international NGOs face the possibility of role conflict with the growth of migration driven diasporas as potentially more effective international civic resource providers, intermediaries and advocates (Fowler, 2).

- a) Goal based poverty reduction as the objective for international aid; thereby ‘harmonizing’ NGO work with that of official aid (Fowler, 2).
- b) Concern about the legitimacy and accountability that place strict demands on the way that NGOs are governed and retain public trust (Fowler (2 - 3).
- c) Complex relationships on one hand the drive to form complex ‘partnerships’ that combine NGOs, government and business. On the other hand is the displacement of NGOs as agents of structural change by member based activist and other civic entities (Soal et al, 7).

NGOs are also faced with the reality that the pursuit of development as freedom, the pursuit of poverty reduction and sustained livelihood security are all threatened by the current patterns of globalization (Wood, 6).

Tandon (3) observed that in the 1970s and 1980s NGOs were typically viewed as temporary instruments to solve a limited problem or gap filling functions due to failures of the state and market. It was assumed that NGOs would enter, intervene and withdraw from an area in a short term, time bound manner to play a gap-filling role. Today there is a growing recognition for the long-term relevance of the NGOs to supplement, complement and offer alternatives to government development efforts (Holloway, 5). NGOs are believed to have comparative advantage over government in implementing development activities. According to Nuscheler (12) some of their advantages include:

- a) They reach target groups better than government programs negotiated on bilateral basis or by international finance organizations administered by bureaucrats.
- b) They are better at organizing for self-help, participation and empowerment of poor people.
- c) They work with lower administrative and staff costs than government implementing organizations.
- d) They are values based and are more focused on poverty reduction.

It is important to note however that the very high expectations put on NGOs by NGO leaders, beneficiaries, and donors as grassroots, cost-effective alternative development actors are not being fully realized mostly due to the challenges posed by the complex task environment they find themselves in and their inability to effectively adapt to and shape this environment (James, 139).

1.2 Reengineering: According to Michael Hammer, one of the Reengineering gurus and founder of the term itself, Reengineering is, *the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed.* (Hammer, 93)

Furthermore, Hammer considers four keywords within that definition as being the most relevant ones, as there are:

- a) **Fundamental:** Two questions are considered as being fundamental and are addressing the companies' justification of existence: *What are we doing* and *why are doing so?* As Hammer points out, forcing people to question the way they do business leads to rules turning out to be obsolete, erroneous and inappropriate. Reengineering means starting from scratch, no assumptions given and no current fact accepted and determines firstly **what** a company has to do, and secondly **how** to do it.
- b) **Radical:** Radical redesign of business processes means getting to the root of things, not improving existing procedures and struggling with sub-optimizing. According to Hammer, radical redesign means *disregarding all existing structures and procedures and inventing completely new ways of accomplishing work.*
- c) **Dramatic:** Reengineering is no way for achieving marginal improvements and fine-tuning. It is intended to achieve *heavy blasting.*
- d) **Processes:** Process-orientation is considered as being the most important aspect of Reengineering. Hammer claims, that most companies are focused on tasks, people and structures rather than processes.

1.3 Need for Reengineering: Successful organizations are envisioned to be networked across functional boundaries and processes rather than functional hierarchies. However, it is pointed out in literature that simply using the latest technology on existing processes and procedures is no valid solution to the problem. The solution is found in taking a step further and rethinking and questioning the activities that are fundamental for processes. Effective redesign of processes by removing unnecessary activities and replacing archaic, functional processes with cross-functional activities, in combination with information technology as an enabler for this type of change will, according to the advocates of Reengineering lead to significant gains in speed, productivity, service, quality and innovation. Reengineering normally includes a fundamental analysis of the organization and a redesign of:

- a) Organizational strategy and structure

- b) Job definitions
- c) Service work flows
- d) Control processes and, in some cases
- e) Reevaluation of the organizational culture and philosophy.

Reengineering is generally conceived as consisting of four elements, strategies, processes, technology and humans (see figure 1.1), where strategies and processes are building the ground for the enabling utilization of technologies and the redesign of the human activity system.

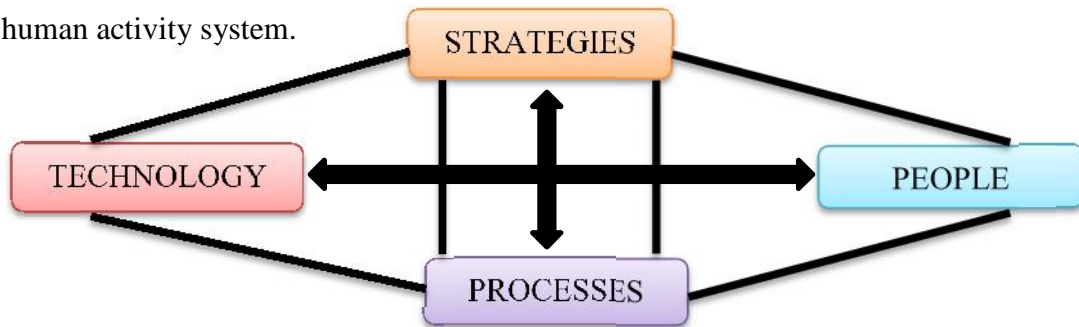


Figure 1.1

1.4 Strategic planning for NGOs: Strategic planning is the process an organization goes through to consciously position itself in its task environment by proactively responding to the opportunities and threats offered by the task environment while taking a long term perspective (Drucker, 568; Adair, 198). The challenges facing NGOs in their efforts to strategically position themselves in their task environment can be summarized as having to do with issues of sustainability, legitimacy and relevance (Hatch, 102-103). Strategic planning therefore aims at helping the organization to respond proactively to the challenges and opportunities presented by the task environment with the aim of ensuring organizational sustainability, legitimacy and relevance (Atack, 860; Edwards, 258; Cannon, 12-13).

1.5 Service Delivery Process of 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.

1.6 Knowledge Management (KM): Knowledge management (KM) is largely regarded as a process involving various activities, also referred to as KM processes, knowledge creation, knowledge storing, knowledge sharing and knowledge application (Alavi and Leidner, 2001). KM offers ways to improve practices and procedures, develop and enhance employee capabilities, decrease the learning curve associated with new employees or new tasks, improve customer service, and reduce cost (Roman-Velasquez, 63).

1.7 Organizational Performance (OP): From a traditional perspective, organizational performance is often associated with organizational success (Thurbin, 40-42). While Intellectual Capital (IC) as a tool to measure organizational success has captured the interest of many researchers, its evaluation is seen as problematic (Youndt and Snell, 21). Nonprofit organisations (where financial measurements are not always applicable) can benefit from the development of measurements such as the intellectual capital concept. In fact, the IC is already used by many nonprofit organizations to measure organizational performance.

While in practice, the concept of the balance scorecard is often applied in nonprofit organisations, Kong (27) discourages the use of the balance scorecard for measuring organizational performance in nonprofit organisations. He believes that strategic management approaches that are based primarily on the notion of competition and customers are generally unacceptable to the nonprofit sector. Kong further 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 organisations as the expectations and demands of various constituencies are often conflicting and even contradictory. Instead, he recommends following the intellectual capital 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 organisations to intellectual resources, including knowledge, skills and experience (Kong, 55-61).

This chapter presented the concepts of NGO led services, strategy and strategic planning, service delivery process, knowledge management, organizational performance with the help of Intellectual Capital and Reengineering. In the next chapter extensive literature on NGO led service delivery process, reengineering and other related concepts will be discussed to find out the possible research gaps.