**THE MOST IMPORTANT ISSUES IN NGOs MANAGEMENT**

**INTRODUCTION**

According to Oxford Advanced Learner Dictionary:

“Management has been defined by Weirich & Koontz as

“The process of designing and maintaining an environment in which individuals, working together in groups, effectively accomplish selected ends or goals.” (Weirich & Koontz, 2005).

There are many different kinds of NGOs, however for the purpose of understanding NGOs management will be defined as are organizations that are non-political, non-profit, non-governmental, and accountable to their stakeholders and involved in welfare and social-economic development of people (Rahman, 2007).

**FUNDING AND INDEPENDENCE**

Funding is a very major challenge in NGO management. NGOs require funds to carry out programs and maintain the organization. Unavailability of funds for an NGO could mean a total ‘standstill’. NGOs could most time depend on government for funding. However, NGOs that depend largely on public finance run the risk of becoming mere government subsidiaries by implementing activities formerly carried out by their own governments or multilateral institutions (Senillosa, 1998). Government policy may differ from the NGOs, objectives and/or the beneficiaries’ interests, which may lead to a conflict of interest. The availability of substantial government grants may tempt NGOs or the program beneficiaries to become involved in programs inconsistent with their own objectives and capacities. The sheer size of government grants and certain government grant restrictions (specific countries, certain social groups, special forms of assistance) may lead to an imbalance in the NGOs’ programs. Some NGOs have, more or less become contractors to governments, particularly if they do not have other programs or funding sources. NGOs may become unwilling to criticize government publicly thus softening their advocacy work and/or human rights campaigns.

Also, as governmental funding may be comparatively easy to obtain, there is the risk of the NGO ignoring or downgrading their traditional sources of private funding and traditional relationships with their constituencies. In addition, as non-governmental providers of development services, NGOs (and their programs) became subject to the availability of government funds (with associated uncertainty about magnitudes and timing), to some degree of governmental control and supervision, and to the rules and procedures that went with the receipt and use of public funds. This tended to impose heavy and sometimes excessive requirements on NGO administrative and audit capacities (Van Der Heijden, 1987).

Another problem with funding is the issue of rejection of ‘core funding’- a situation whereby donors are only willing to pay ‘project’ costs. According to Bornstein (2003), NGO managers that are not competent enough to incorporate core costs within project proposals usually have their key functions not being funded. Organizational development, experimental pilot approaches and long-term impact analysis are being abandoned due to lack of funds.

Finally, financial uncertainty affects planning for NGOs. It has also forced them to look for more financial sources.

**LEADERSHIP**

Leadership in NGO’s is a matter of concern considering the highly personalized nature of leadership in the sector the sector is full of anecdotal stories about the detrimental impact of paternalistic founder leaders , “charismatic autocrats’’ or “the guru syndrome” (Hailey,1999) on one hand such leaders demonstrate a drive and commitment , and a remarkable ability to mobilize people and resources while on the other hand they are criticized for dominating organizations, being unaccountable ,and failing to adapt to changing circumstances. Chambers (1997) points out that such NGO leaders can achieve many things through their “guts, vision and commitment,” but the way they use power is a “disability” that jeopardizes organizational effectiveness. He argues such charismatic leaders are “vulnerable to acquiescence, deference flattery and placation” (chamber 1997). They are not easily contradicted or corrected. As a result they actively suffocated promising initiatives that may threaten their power base, relationships, or positions of patronage.

Effective NGO leadership also requires the ability to balance a range of competing pressures from different stakeholders in ways that do not compromise the leader’s individual identity and values (Hailey & James 2004). The leadership of development NGO’s face extraordinary challenges as the work with very limited resources in uncertain and volatile political and economic circumstances to help the most marginalized and disadvantage members of their communities. Civics referred to the growing deficit in leadership abilities in NGOs. In particular they pointed to rapid turnover of NGO staff in leadership positions into business and government and the difficulty NOGs have in replacing them (Civicus, 2002). All too often this failure of leadership results in programmatic dysfunctional and even organizational collapse.

**MONITORING AND EVALUATING PERFFORMANCE**

NGOs are making significant efforts to show how they are performing, a trend impelled by three factors: strict requirements attached to official aid; doubts about NGOs claims to be more effective then government; post-Cold war shifts in the role of NGOs, which increase their own needs to know what is being achieved, I order to manage the process of organizational reorientation and transformation. However, almost without exception, NGOs are finding it very difficult to come with sound, cost effective methods to show the results of their development activities, or even to demonstrate their effectiveness as organization (Fowler, 1996). Rick Davie Attribute the problems of monitoring and evaluating the performance of NGOs to ambitious expectations, Complexity caused by scale (hierarchical differences in goals and expectations at various actors levels) diversity of NGOs activities, vague objectives, ‘fault-able’ measuring tools, and absence of baseline information & adequate monitoring systems (Davies, 2000).

Unlike commercial companies development NGOs do not have the “bottom lines” of market feedback, profitability, and returns on financial investment, nor do they receive the judgment of citizens through social unrest or the periodic vote. In other words, consumers and voters are the source of performance standards for business and government-but not for NGOs (Fowler 1996).

According to LeCompte (1986), the difficult in measuring the development performance of NGOs stems from the basic incompatibility between assumptions on which the aid system is based and actual process of Socio-economic change. Social economic change is mostly contingent as different from the linear model the aid system presupposes. There are three problems with this approach. Firstly, the right ways of doing things cannot at all be sufficiently predicted in advance? Secondly, the assumptions seldom hold. And thirdly, development in the sense of sustained improvement in the lives and circumstances of people who are poor or marginalized does not take place in a linear way under the influence of one single intervention (LeCompte 1986). As resources move down the aid, several things happen which undermine the project approach, and hence limit the ability simply to tie resources and activities to NGOs performance in terms of development?

Furthermore, the measures of development are very complex containing both tangible or physical elements and intangible factors of human and organizational processes and capacities Also, the possibility of attributing the cause of change to an NGOs work is restricted.

**ACCOUNTABILTY**

The question of accountability is seen as a bureaucratic hurdle at best, and at worst as a threat to achieving an NGOs aims. Some fear that any toughening of accountability may lead to an overbearing influence from funders and government, which could then lead to cooptation and a deflection of original purpose (Najam, 2000) or lead to the stymieing of innovation and reducing the diversity of NGOs (Cnaan,1996)

The problem of to whom accountability should be towards also arises many times accountability is usually upwards to donors and not to the poor who are the most immediately concerned. NGOs just want to show that money is not being misappropriated and that the approved activities are completed rather than that desirable change was achieved, let alone sustainable. Bendell (2006) however argued that democracy and human rights should firmly be at the center of the debate about NGO accountability. By democratic accountability he meant that NGOs should be more accountable to those with less power who are affected by the organizations actions or decisions - "the poor

**SCALING**

Much has been said about the need for NGOs to increase the impact they are having rather than applying small piecemeal efforts to large scale problem of poverty. Edwards and Hulme (1992) described strategies for scaling up to meet this demand for more impacts. Some NGOs are contented to focus on a single small community within which they work taking a ‘small is beautiful’ approach to their work (Lewis 2001). Edwards and Hulme (1992) noted three kinds of scaling up for NGOs as; additive (increase size and coverage of programs), multiplicative (gain more leverage by influencing other development actors, thereby reaching more people), and diffusive (transferring its approaches beyond the organization’s immediate sphere of influence). Bangladesh Grameen Bank was able to effectively manage the challenge of the scaling up process. The bank impacted a lot of poor people in the immediate community, but rather than growing any larger as an implementing organization, it encouraged the adaptation of its original microcredit delivery model around the world (Lewis 2001).

Read more:http://www.ukessay.com/essays/business/the-most-important-management-challenges-facing-ngos-business-essay.php#ixzz3xIW9X3EN

**Financial MANGEMENT FOR NGOs**

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All organization needs money. Alongside staff money is the one thing that takes up most management time .The brief introduction outlines how to take proper care of your funds. Good financial management involves the following four building blocks.

* Keeping records
* Internal control
* Budgeting
* 4. Financial reporting

**1. Keeping Records**

The foundation of all accounting are basic records that describe your earnings and spending. This means the contracts and letter for money you receive and the receipts and the invoices for things that you buy.

The basic records prove that each and every transaction has taken place .They are the cornerstones of being accountable. You must make sure that all these records are carefully filled and kept safe.

You must also make sure that you write down the details of each transaction. Write them down in a "cashbook" -which is a list of how much you spent, on what and when.

If you are keeping your basic records in good order and writing down the details of each transaction in a cashbook then you cannot go for wrong.

**2. INTERNAL CONTROL**

Make sure that your organization has proper control in place so that money cannot be misused. Controls always have to be adapted to different organizations. However, some controls that are often used include:

* Keeping cash in a safe place (ideally in a bank account)
* Making sure that all expenditure is properly authorized.
* Following the budget.
* Monitoring how much money has been spent on what every month.
* Employing qualified finance staff.
* Having an audit every year.
* Carrying out a 'bank reconciliation every month' which means checking that the amount of cash you have in the bank is the same as the amount that your cashbook tells you that you ought to have.

The last control is particularly important .It proves that the amounts recorded in a cashbook and the reports based on it are accurate.

**3. BUDGETING**

For good financial management, you need to proper accurate budgets, in order to know how much money you will need to carry out your work.

A budget is only useful if it is worked out by carefully forecasting how much you expect to spend on your activities.

The first step in preparing a good budget is so identify exactly what you hope to do and how will you do it . List your activities, then plan how much they will cost and how much income they will generate.

**4. FINANCIAL REPORTING**

The fourth building block is writing and reviewing financial reports. A financial report summaries your income and expenditure over a certain period of time.

Financial reports are created by adding together similar transaction .For instance this might mean adding together all the money you spent on fuel, new tyres and vehicles insurance and calling them "Transport Costs"

Financial reports summaries the information held in the cashbook .This is normally done using a system of codes, to allocate transactions to different categories. These categories might often be defined by donors.