

Article

The widespread challenges of NGOs in developing countries: Case studies from Iran

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The last decades have witnessed an extraordinary growth in non-governmental organizations (NGO) in all spheres of human activities worldwide, especially in developing countries. NGOs, as an integral part of civil society, concerned with management of a complex and diverse range of activities. They face internal and external management issues. This study provides a critical overview of the major issues involved in NGO management with an emphasis on four NGOs working in Iran as a proxy for developing countries. The study adopts a qualitative approach by conducting semi-structured one-to-one interviews with members of NGOs. Human resources, financial, organizational system are the challenging issues within NGOs (internal). NGO registration, interaction with other NGOs, private sectors and government as well as internationalization and financial crisis are the most challenging issues facing the NGOs in external relationship category.

Key words: Managerial challenges, non-governmental organizations, developing countries, qualitative research.

INTRODUCTION

The human being tends to live in groups since the society protects one's socio-economic and political interests. As a result, civil society and voluntary organizations (VO) emerged. VOs, a subset of civil society are an umbrella term comprising all sorts of organizations which work for the welfare and development of the society (Brown and Korten, 1989). One of the terms, out of numerous terminologies used for VOs is "Non-Government Organizations," or NGOs. Rahman (2003: 44) listed at least 40 similar terminologies used in the literature to refer to VOs. NGOs come in many shapes and sizes, and the definition of an NGO and the choice of terminology is itself the subject of much debate and limited agreement. NGO, non-profit organization (NPO) and private voluntary organization (PVO) are the most used terms which are often used interchangeably despite of the difference in definition (Wikipedia, 2011). An NPO, also known as a not-for-profit organization is an organization that does not distribute its surplus funds to owners or shareholders but instead uses them to help pursue its goals (Grobman, 2008). NGOs are generally thought to have come into existence in then industrialized European countries and in the US around the mid-nineteenth century (Wango,

2008; Willetts, 2002). The term came into use in 1945 by UN to differentiate in its Charter between participation rights for intergovernmental specialized agencies and those for international private organizations (Willetts, 2002; Mostashari, 2005).

NGO can refer to any organization provided that they only have to be independent from government control, not seeking to challenge governments either as a political party or by a narrow focus on human rights, non-profit-making and non-criminal. The non-profit-making qualifier is an important attribute of NGOs. The nature of NGOs is reflections of the five basic characteristics: non-governmental, voluntary, non-commercial, accountable, non political (Rahman, 2003: 55).

The types and structures of NGOs vary considerably. Basically, there are three types of NGOs: grass-roots organizations, support organizations and intermediary or mid-level organizations (Rahman, 2003). With the improvement in communications, more locally-based groups referred to as grass-roots organizations or community based organizations have become active at the national or even the global level. Increasingly this occurs through the formation of coalitions with other

NGOs for particular goals (Mostashari, 2005). Willetts (2002) distinguished NGOs as operational and advocacy NGOs. Literature reveals that NGOs categorization is still under developing and every researcher has his/her own category. NGOs or NPOs are regarded as a force for good by virtually all nations in the world. They are components of social movements within a civil society. As a whole, NGOs are considered as the "third sector," while the government and the private sector are the 1st and 2nd sector, respectively (Brown and Korten, 1989; Korten, 1990; Willetts, 2002; Mostashari, 2005). It is difficult to categorize NGOs by their specific activities; many NGOs perform a variety of activities and often shift the balance of the activities they pursue. However, in broader terms, most NGOs can be classified into two groups: operational and advocacy NGOs. Operational NGOs have to mobilize resources, in the form of financial donations, materials or volunteer labor in order to sustain their projects and programs. Advocacy NGOs will carry out much the same functions but with a different balance between them (Willetts, 2002; Mostashari, 2005). NGOs, especially voluntary and NPOs are under rising pressure to better allocate and manage their limited resources. An effective and common management approach in complex situations is thus crucial. NGO managers face complex management issues, both at a personal and organizational level. NGOs activities highly depend on the cultures and environments which they are working in. Some NGOs face increasing competition from the private sector and certain member states. Therefore, the role of the NGO in the developing world is not always as effective as possible (Lewis, 2009).

This paper is organized as follows: first a brief discussion of NGOs in developing countries and the challenges they face are provided. This is followed by a presentation of the research methodology and the findings. Finally the study is concluded.

NGOS IN DEVELOPING COUNTRIES

A country with a low level of material well-being belongs to developing country category. As these countries are developing in aspects of economics, politics, and etc., the NGOs (both in number and ranges of activities) are also growing. The NGOs in developing countries play a key role in development of societies.

In years of drought or famine, the NGOs have been pivotal in providing food to those most marginalized. NGOs often provide essential services in the developing countries that in developed world governmental agencies or institutions would provide. In general, NGOs are also the source and centre of social justice to the marginalized members of society in developing countries or less developed (failed states). Developing nations and NGOs often find allies in one another when opposing legislation, economic terms or agreements from global institutions

(Aksel, 2006). The NGOs play an important and crucial role in development of the society in developing countries. They often hold an interesting role in a nation's health, economic or social activities, as well as assessing and addressing problems in both national and international issues, such as human, political and women's rights, economic development, democratization, inoculation and immunization, health care, or the environment (Grobman, 2008). Rahman (2003) studied NGOs and their management practices scenario in developing countries focusing on the South Asian Association for Regional Cooperation (SAARC) countries, namely: India, Pakistan, Bangladesh, Sri Lanka, Nepal, Maldives and Bhutan. He found that the NGOs are not being managed well in SAARC and finally he proposed an "operational NGO management" model for the NGOs in the region. In recent years, NGOs have vastly increased (in number and scope) in almost all parts of the globe. NGOs have become a highly visible component of civil society and are now significant players in the fields of human rights, the environment and social development at local, national and international levels. They are increasingly influential in communities and grassroots activities, in policy making, planning and implementation. However, recognizing the large number of NGOs that work in developing countries is difficult due to the lack of clear official statistics.

In today's highly competitive environment of limited resources for the public sector, effective leaders and creative management are crucial.

NGOs in Iran

Basically, Iranians are known for their doing a good deed and helping fellow-men, either individually or as group/community. As time goes by, a more formal type of help in the shape of NGOs is emerged. With respect to the development of civil society, Iran's political landscape has provided cause for optimism in recent years. The Iranian NGOs are involved in many different fields of activity including health, women, the environment, children wellbeing, and training. Their work may be divided, according to their expertise, into the following categories: informative, educational, operational consultation, small projects, supportive, production and training. Figure 1 visualizes the different ranges of activities in Iran's NGOs. The last official report (based on census) goes back to 2004, when totally, there were 6,914 active NGOs, of which 3,692 were registered. The majority of these organizations are charity organizations. Some of these are branches of mother organizations in different parts of the country, and some have been around for a long time. However, most of them have blossomed in the past few years. It is projected that the figures are growing exponentially in the recent years.

Most of them have become stale and ceased to be

Community Health Promotion and Education	Emerging health crises	Community Social Problems	Environmental	Economic
<ul style="list-style-type: none"> • Contraception and Intimacy Education • General Hygiene • Waste Disposal • Water Usage • Vaccinations • Youth Counseling Services 	<ul style="list-style-type: none"> • HIV/AIDS education and support • Hepatitis B education • Drug Addiction recovery 	<ul style="list-style-type: none"> • Juvenile crimes • Runaway girls • Street Children • Prostitution 	<ul style="list-style-type: none"> • Sustainable water and energy consumption education • Keeping mountains and forests clean 	<ul style="list-style-type: none"> • Microenterprises and Micro-loans • Skill training (Computers, technician training, Catering services, clothing and textile, etc.) • Product promotion and distribution (Bazaars etc.) • Cooperative creation • Financial consulting

Figure 1. Range of NGO activities in Iran (Mostashari, 2005).

active or affective soon after their initial formation. An introduction to NGO management and its role in Iran has been provided by Mostashari (2005). The main focus of most NGOs are spanned around women and children rights, health and feeding the poor people in Iran. Recently, Nikkiah et al. (2010) studied the role of NGOs on woman engagement in capacity building program in Iran. Currently, there are five governmental organizations to register a NGO: Ministry of Interior's, Naja (Police), Behzisty (Social Welfare Organization), National Youth Organization and Ministry of Culture and Islamic Guidance. This variety and non-integrated communication among them, in most cases lead to disorder and complicated registration procedure for NGO. In several respects, however, the laws governing the registration and operation of NGOs in Iran have been criticized as over-complicated and cumbersome. Firstly, the legal structure involves multiple and uncoordinated decision-making centers. Secondly, the process of registering and regulating NGOs often differs in practice from what is provided in the law, adding unnecessary burdens to the administration of permits and financial grants as well as the annual and periodic regulation of NGOs. Thirdly, judicial review of administrative decisions pertaining to NGOs has been inadequate.

In addition, NGOs could benefit from greater government programs and subsidies to build capacity, provide resources, and generally facilitate their endeavors. These shortcomings have led NGOs to concentrate in the big cities and mainly in Tehran, where proximity to the locus of power makes abiding by the bureaucracy of NGO registration and supervision less complicated. Rohde (2003) proposed to create an e-community among the Iranian NGOs to keep them connected to empower and enhance the productivity and

efficiency.

Common challenges facing NGOs

The size and severity of challenges in each country of developing nation is different and in most countries, governments desire to control all activities of NGOs. Therefore, it is not surprising that there are many quasi-governmental NGO in some developing countries, based on the governing regime. One of the most important issues ahead NGOs is "the decision-making processes." Tensions often occurred between staff and senior managers because of the staff expectations that they would be equal partners in the decision-making process. Another common problem is the governance of the organizations and the internal relations between board members and staffs (Mukasa, 2002).

NGOs were found to be weak at staff career development. So, other problem is about staffing issues and covers recruitment, assignment and layoff as well as human resources development and administration and finally everyday management of staff (Vilain, 2002). Not all people working for NGOs are volunteers and paid staff members typically receive lower pay than in the commercial private sector, they have little organizational and professional skills, and the poor quality of training or lack of importance attached to training NGO workers are on the most concerns of NGOs (Mukasa, 2002). Finally, the most commonly identified challenging issues for NGOs include; Fundraising, limited financial and management expertise, limited institutional capacity, low levels of self-sustainability, isolation/lack of inter-organizational communication and/or coordination, lack of understanding of the broader social or economic context

difficulties of managing NGOs with operations in several countries also raised concerns.

Moreover, these issues also addressed in the literature: the structural growth problem, the accountability, the evaluation, the economies of scale problem; volunteer relationships; mission, effectiveness, and sustainability; main future needs (Lewis, 2009; Rahman, 2003; Mukasa, 2002).

RESEARCH METHODOLOGY

The central theme of this research is to investigate the challenges that face the Iranian NGOs. This study uses a qualitative approach to collect the relevant data. In fact, we use the in-depth interviews with principals and staffs of selected NGOs. A total of nine in-depth interviews with four NGOs are conducted. One of the NGOs is newly established, and the rest are registered of which one is connected to an international NGO. Their main offices (headquarter) are located in Tehran and for other provinces they have some representatives in there. Hence, the transcripts of recorded interviews are analyzed to explore the challenges facing the NGOs. Finally the results are discussed in a post-qualitative focus group discussion for further idea gathering and finalization of the challenging issues.

FINDINGS

Challenges facing the Iranian NGOs

Successful NGOs provide high quality services to beneficiaries. To achieve success, NGOs have to continually improve and professionalize their work, which puts more and more demands on the management and leadership of an organization. In the following we will examine the challenges facing NGOs from three perspectives.

Challenges at NGO level

It is very hard to work without registering the charity or NGO. So, registration process is the key challenging issue on the way of NGOs, whether at the time of establishment or afterwards. Almost all three principals of NGOs interviewed in this study expressed that "... despite the availability of five possible authorities to register, but, the registration is the most difficult and bureaucratic process." That's why there are a significant number of NGOs that are unregistered yet which makes the statistics of total NGO inaccurate. The new NGOs generally suffer from lack of resources (in particular administration and expertise), to gain trust of others, fundraising, and not being recognized among the donors. In contrast, there is no shortage of enthusiasm and very good internal communication and teamwork. A member of Board of Trustees said "...i think we should do our best to satisfy the current need of deprived and people in need, due to we are to serve our clients. The strategic

planning is the next priority." The absence of well defined objectives and goals, vision, mission and even values is another issue facing NGOs. Most of them are working emotionally and their objectives and goals are not essentially realistic. For instance, a member of trustee tells: "our aim is to eliminate the poverty nationwide...", rather than setting an achievable/tangible goal of reducing poverty in the territory of activity, for example in Tehran. A friendly relationship between employees and top managements is crucial to make the process of decision making fruitful for the NGOs. One volunteer working for a NGO said: "generally, the board does not seek staffs view in the process of decision making." Human resource issues such as recruitment, compensation, training, promotion and etc. are often addressed as the key challenging issues. "Unfortunately, fostering and weak performance of few NGOs have corrupted the image of other NGO and it is difficult to persuade people to support NGOs by donation and voluntarily activities," said a member of NGO. Communication within and between the NGOs are revealed as the most important challenges facing the Iranian NGOs. Keeping a trusted and confident relationship with their sponsors and donors is stated as another popular challenge for NGOs. "We have been institutionalized trust and confident as a working culture and it's the first priority in all activities. This is a two-way relationship, we trust them and simultaneously we do our best to win their trust and confidence," declared by a board member. Lack of managerial and leadership skills deprive NGOs from strategic planning. None of them have a strategic plan and even annual operational plans for their routine tasks.

"We are interested in long-term planning, but strategic planning is an ad-hoc subject which needs special knowledge and skill. So we do not have such knowledge ...," stated in the focus group discussion (FGD). In small and medium NGO, all activities and decision are person-centered and the leadership skill is expected to lead the staffs. Limited financial resources and institutional capacity, the structural growth problems and desire to expand the existing scope of activity are the most discussed organizational problems in FGD. Limited resources and large number of NGOs have created a kind of undesirable competition among them so that they often interfere with each other. A member of trustee explains: "the NGOs are competing more on obtaining and accessing to resources, instead of competing to deliver services for the clients."

Challenges at national level

Keeping good relationship with government and private sectors to have their support is a critical success factor for every NGO. Most NGOs face problem to keep relationship with them. "To be connected with the governmental organization, we must add their delegates

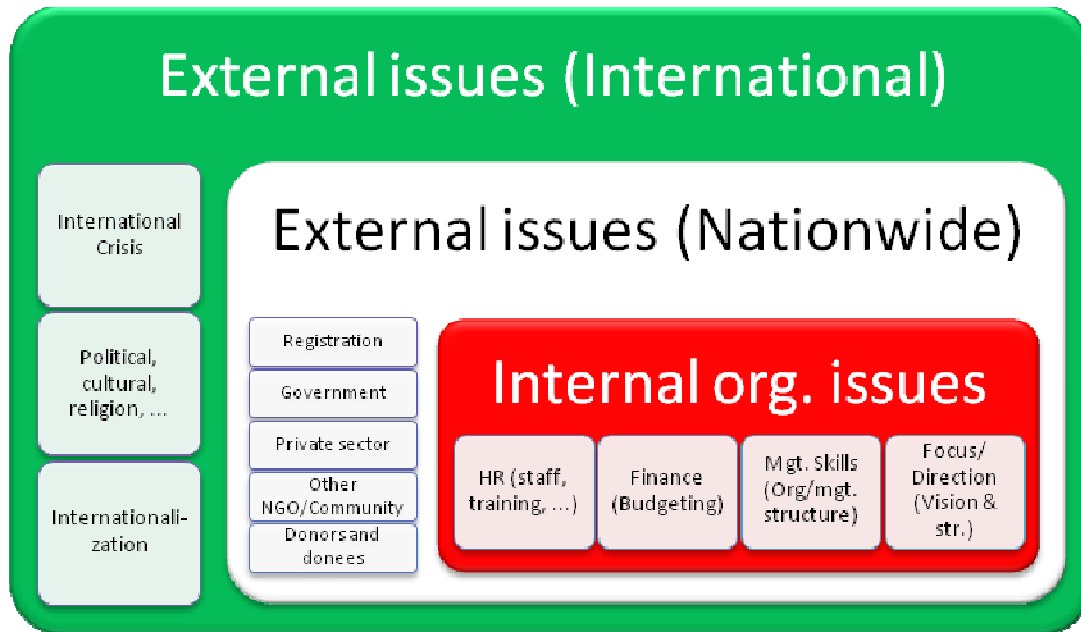


Figure 2. Internal and external issues challenging NGOs.

to the Board, which it undermines our independence," stated by a founder of the new NGO. Almost all supportive organization for the deprived and the needy people in the country. "The IKRF is fully in line with governmental policy and it has separate budget for her activities. Therefore, it is very hard for us as a NGO to collect any financial support from the government," said a (volunteer) staff of a NGO. As well discussed in the previously, the other challenge is to trust donors to support NGOs. Sustainability and survival of every NGO is strongly dependent on a close and trusted relationship with its donors. "I am usually concerned whether my donation is used for real needy people," a donor expressed. Another donor said that "i stopped donation to an educational charity, when I realized that they used for other purposes, for example feeding poor people." A staff emphasized that "i always keep informed donors by sending receipt of receiving donation. I also send some documents to trust them for what it is used."

In FGD declared that one of the challenges initiated by the government is "political stigma" for some activities of NGOs, especially in the fields of human rights, women and child abuse. Lack of integrated community network for collecting and sharing the profile of donors and needy people in some cases cause to misuse of opportunist.

Challenges at international level

For the four NGOs interviewed, internationalization and being a member of an international NGO is a challenging desire. Mainly, they aim to obtain donation, rather than to

governmental supports goes to the Imam Khomeini Relief Foundation (IKRF) (www.emdad.ir), as the greatest donate. They wish to receive more free services for their clients (such as, education, health care,) from the international NGOs. The principal of an NGO connected to an international NGO said: "in recent years, our services were also affected by the financial crisis." Moreover, differences in politics, religion, and culture hinder the Iranian NGOs to be internationalized. There are many Afghan (Iraqi, and other nationalities) refugees in the country, which some of them need to be supported and hence, how to protect them are the most challenging issues facing NGOs. Only a limited number of NGOs support them. One NGO declared that they only support the Iranian needy people and the other three NGO said: "We support everyone regardless of nationality, religion, culture and race." Finally, the aforementioned challenging issues can be classified into three groups: 1) internal organizational issues, 2) external issues with nationwide scope and 3) international scope. Figure 2 visualizes the classification.

CONCLUSION

Although the objective(s) and mission of all NGOs are almost the same; however their management system and approach to work are different (Jackson, 2003). Challenges are on the way of every NGO and the aim of this article is to reveal them. The challenges face NGOs can be categorized into two main groups: 1) inter-NGO and 2) intra-NGO. The first category includes all internal

and within organizational issues that an NGO bears. Typically, financial matters, HR, management skills, internal communication are at the main challenging issues within an NGO. The second group of challenges falls into two subgroups and have either nationwide scope or international one. Registration, relationship with governmental organizations, interaction with private sectors are the most important challenging issues at national level; and religion, politics, internationalization and financial crisis are the key issues at international level. The strategic importance of this study relies on the assumption that the results of the research will provide management team of NGOs (as well as other supportive organizations, such as government and UN) with a more realistic approach for understanding the challenges that face NGOs. Moreover, it will pave the way for NGOs to grow and develop themselves.

This research has some limitations; the most important is the generalization of the results to a larger scale of the study, that is, for all NGOs not only in Iran but also in developing countries. A quantitative approach is proposed to eliminate this constraint. Priorities of the challenging issues are the other limitation and it can be done via the same approach. Each class of challenges, for instance internal issues, needs cause and effect analysis for better understanding of the root of problems and their respective solutions.

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