

## Ethical Issues with NGO Management

In the process of Excellence in terms of sustainability, quantity and quality, Ethics – a set of moral principles; Ethical – having to do with moral principles and Ethics – the moral principles that govern people's, society's and organization's behavior or how an activity is conducted – gains importance. Management of ethical issues is necessary as development under LPG (Liberalization, Globalization & Privatization) is not uniform over the area or the people of the country and its consequence has widened the GAP between the rich / urbanites and poor / ruralites and finally resulted in the rural poor struggling even for their basic needs. There exists on the paper sound plans & policies and schemes & benefits, with poor implementation at the grass root level. The reality is well known to all of us. The need of the hour is to find out ways and means to build matching mechanism with set of principles and service delivery channels to reach the needy. In this connection, the present paper attempts to fit into the gap for maximizing the benefits with cost effective strategies in terms of both quantity and quality.

Non Governmental Organizations (NGOs) play a key role between the Donor (includes: government, industry, corporate, institution, individual donors) and the beneficiary or the target group in several ways (Fig.1) such as: Creation of Data Base with grass root challenges, needs, demands and living circumstances, Formulation of Acts,

**N. Lakshmi Narayana\***

Policies, Schemes & Benefits, Implementation of the Acts, Policies, Schemes & Benefits and Feedback with monitoring and evaluation. In addition, an NGO works with several stakeholders covering: beneficiary, family members, community members, government, industries, corporate, funding agency, institutions and individual donors and thus addresses the needs and demands of the people or society or the nation in a universal pattern.

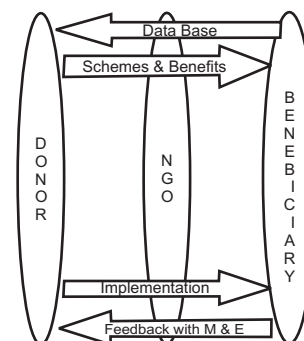


Fig. 1 : Linkages between the Donor, NGO & Beneficiary

In performing such key role, NGOs should have ethics and responsibility in addressing the challenges of the people or society with better transparency and accountability. The areas where NGOs need to concentrate include: Legal Area, Administrative Area, Technical Area and Financial Area. The key role of NGO with stakeholders is shown in Fig.2.

\* The author, M.Sc. Tech, PGDEEM, PGCMRR, PGDRD, PGDNGOM, PGDCBR P & M, is Director, GEO REHAB CENTRE, Hyderabad. E-mail: grcnln@gmail.com

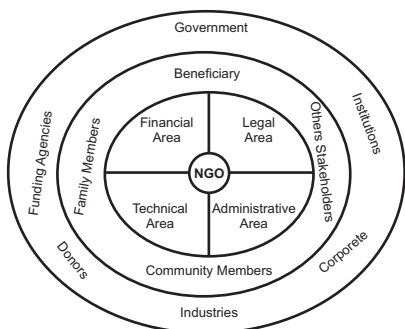


Fig2 : Ethical Area of NGO with Stakeholders

Another significant concept for understanding the needs of ethics and addressing of ethical issues of the NGO is SWOT which stands for Strength, Weaknesses, Opportunities and Threats of the organization. In the highly competitive and dynamic environment prevailing around the service sector, it should be made mandatory to do SWOT analysis on regular basis.

**SWOT – ANALYSIS      SWOT – Road Map**

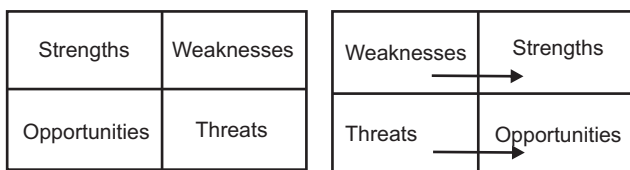


Fig3: SWOT Analysis & Preparation of Road Map - NGO

After understanding the Strength, Weaknesses, Opportunities and Threats of any organization based on its aims and objectives with the priorities of the donor as well as the people and society, the follow up step is to prepare the road map. This involves the formulation of policies and strategies of the organization to transform its weaknesses into strength, and threats into opportunities and thus to face the dynamics of the service sector.

NGOs are working in all the areas and supports government in developing linkages with the people and thus implementing the programmes and benefits. The ethical issues

related to NGOs while performing such roles can be broadly grouped into two as:

1. Ethics related with the formulation of the organization – Legal Area, and
2. Ethics related with the operation of the organization – Administrative Area, Technical Area & Financial Area.

The ethical issues of the NGO management in the specified four areas are discussed below:

**Legal Area:** NGOs should follow a set of legal principles while formulating its bye laws or memorandum of association (MOA). They include:

- Registered under the Society Act with specific title representing what it is going to do for the people / society / nation,
- It should have a vision supported by a mission through which it is going to achieve its vision,
- Should specify its aims focusing on the target groups or the areas for which it is going to work,
- Should also formulate its objectives through which its aims are going to be achieved,
- The NGO should certify that it is going to work:
  - With non-profit motive and no commercial activity is involved in its working.
  - Will treat all at par irrespective of caste, creed, religion and gender.
  - It would not engage in any agitational activity and ventilate grievances.
  - The Management Committee should not be paid from the funds of the organization.

- To the extent possible select the Committee members in such way that they share their experiences and strengths to legalize the organization to the maximum extent possible,
- Membership drive in to the organization is another point to be careful for creating better legal frame,
- Specific role and responsibilities help to run the legal affairs of the organization without or minimum conflicts,
- Operation of the financial transactions by the designated office bearers like: President, Secretary or Treasurer (minimum two) who should be part of the legal frame of the organization. This should also include process of creating assets and its maintenance,
- Area of operation where the organization is going to work, needs to be specified to avoid further legal and other related complications,
- The mode of getting financial support needs to be specified. This helps the donor to take a positive decision and
- The last point is about the exit policy indicating the legal frame for closing the affairs of the organization when it is no longer valid or relevant or can not be continued in the given environment.

Most of the NGOs registered earlier, due to lack of vision or change in the acts & policies or dynamic needs of the people / society / nation, have not framed their legal areas or MOA with the above set of legal points, indicating their ethics with commitment. Turning to the dynamic challenges, needs and vulnerability of the people, several NGOs are in the process of

amending their legal set up and thus have made provision for the ethical issues and their consequences.

**Administrative Area:** In the area of administration, NGO need to follow a set of principles matching to its aims and objectives which help to establish policies with guidelines. Among them, Human Resource (HR) Policy is the key one which controls the administrative part of the organization. Ethical issues related with the administrative area, are furnished below:

- Recruitment rules and regulations with matching qualification and experience,
- Role and responsibilities with accountability,
- Representing the organization with policies and systems,
- Documentation and display of the same suitably for the stakeholders to understand the organizational position and stand,
- Review feedback from staff and other stakeholders and (thus) to amend or formulate policies or strategies suiting to the dynamic needs of the people or society,
- Identification of indicators of conflicts among management, staff and other stakeholders and thus to work for the minimization of conflicts or to work with better conflict resolution strategies,
- Better harmony among the staff and management by way of planning work schedule with suitable compensation,
- Planning for redressing of grievances for better motivation of the staff and other stakeholders and
- Other related administrative issues for the creation of policies and systems with better transparency and accountability.

For most of the NGOs, the confusion starts with lack of policies and clear cut systems which show the direction both for formulation and implementation of the projects / activities / services / programmes matching with the priorities of the donors as well as the challenges, skills and needs of the people / society. Turning to this gap and demand from the donor as well as the people / society, organizations are developing matching policies and rules & regulations and thus making themselves ready to win the race of opportunities with better standing.

**Technical Area:** It is the technical area which puts the things of the organization in the adoptable technological strategies after sound formulation of its legal as well as administrative set ups. These are:

- Creation of data base and understanding the challenges, skills, needs and living circumstances of the people as well as the society,
- Conceptualization and formulation of projects with adoptable strategies and technology at an affordable cost effectiveness with right based approaches and
- Implementation of the project with full participation of the beneficiary as well as other stakeholders including monitoring and evaluation with PRA (Participatory Rural Appraisal).

In view of the paradigm shift in the whole process of service delivery systems with right based approaches, the concept of project conceptualization to formulation has become more active as beneficiary as well as other stakeholders started demanding for the services as their right rather than earlier version of charity. The ethical issues concerned with the technical area are furnished in three phases as:

### **Before the project:**

- Visit the targeted area / villages,
- Discuss and understand the challenges, skills, needs and living circumstances of the people as well as the society,
- Understand the causes and consequences of the present vulnerability,
- Analyze the demographic details to understand the SWOT of the people as well as the community,
- Understand the key issues like: connectivity, access, barriers and attitude,
- Allow people to participate using PRA tools for formulating the need based approaches with effectiveness in terms of quantity, quality and cost wise,
- Look the challenges and strategies in terms of both short term as well as long term plans and
- Other related factors / information for planning an effective and representative problem solving strategies matching to the needs and demands of the donor as well as the people / society.

### **During the Project:**

- Plan for the participation of the beneficiary as well as other stakeholders at all levels,
- Allocate the works to the staff and management with responsibility and accountability,
- Document every aspect of the project with effectiveness,
- Review and monitor the project at regular intervals starting from weekly to monthly to annual basis,
- Provide feedback with suitable suggestions or modification wherever

deviation is expected in terms of quantity, quality, time and cost,

- Keep the donors as well as the stakeholders informed about the progress made, achievements, limitations, amendments / modifications made & requirements for resources in terms of TMMM (time, manpower, machinery and money),
- Initiate strategies for the sustainability of the project with multi-sectoral approaches as an inclusion,
- Develop linkages for the beneficiary to avail the benefit on long term basis with better sustainability and quality,
- Document the project completion report with clear cut indicators as well as action plan with suitable suggestions and recommendations for its sustainability.

#### **After the Project:**

- The project schedule with its targets in terms of resources, time, benefits, & cost needs to be monitored for its suitability,
- Linkages with an effective monitoring needs to be maintained with the beneficiary as well as other stakeholders for the development or better livelihood or income generation,
- Provide referral services for the effectiveness of the project outcome with better living standard of the people with quality of life (QOL),
- Document the after effects of the project and accordingly intimate the donor for record and to consider for further formulation into project with other priorities, and
- Develop the NGO as a Resource Cell cum Placement Cell (RCPC) for developing the linkages with the beneficiary as well as

other stakeholders with holistic approaches on life cycle basis.

The ethical issues related with the technical area spread over three phases as discussed above gains significance as it carries the benefits to the beneficiary at their own community / environment and thus to lead an independent living with better empowerment, sustainability and quality of life. Added to this, use of appropriate and adoptable technology helps for the creation of barrier free environment with better connectivity and access and thus to avail the benefits of the development at any place matching to the vision of “access urban facilities at rural area” which indicates that the development is for ALL. Tuning to this, NGOs are in the process of adopting the technology through matching strategies / approaches.

**Financial Area:** After legal, administrative and technological areas of the NGO management, more of ethical issues are concerned with the financial area as it is the most significant and complex at all levels starting from the stage of formulation of the organization to its entire life or till its closure. In the case of service sector, closure of the organization is very remote as the government or the funding agencies, broadly donors, on one side and people or the society on the second side wants to have the NGOs both for understanding their challenges & needs and to provide suitable services on long term basis. In practicality, the end of the service sector is beyond our imagination. Ethical issues connected with the financial area, are listed below :

- Budgeting for the organization, based on the needs and demands of the targeted groups or the society,
- Mobilization of funds from various sources needs to be planned with utmost care as the

donor expects to get suitable reply for their Why?, What?, How much?, What form? Etc.,

- Having a set of financial policies with clear cut procedures for both acquisition and spending, for the smooth flow of the financial transactions which can be presented at the desired level or forum,
- Maintenance of fund either in the Bank or in the form of assets, needs to follow legal as well as ethical principles with evidence based strategies,
- Utilization of the funds / grant based on the criteria of the donor, needs to follow the systems and procedures both at spending and accounting or presenting,
- As indicated in the bye laws of the organization, the Committee members should not get any benefit from the organization either directly or indirectly,
- Present the financial review to the beneficiary as well as to other stakeholders and thus make the financial transactions more transparent with clarity,
- Involve the donor for mid term financial review along with the technical targets for better understanding and thus to work on the targeted people or the area on long term basis,
- Involve more people in the financial area by way of committees like: mobilization, purchasing, maintenance etc.,
- Avail the tax benefits like: 12 A, 80G, FCRA, 35AC and other related from the government and thus to be legally rightful both at receiving and spending donations,
- Mandatory reports or filings with the concerned departments for creating better transparency over the financial transactions of the organization,
- Organization is accountable for every thing it receives and thus accountable for every stakeholder and
- In the given situation of winding-up or transferring, all the resources or assets needs to be handed over with evidence based transparency.

As furnished above, the ethical issues are more concerned and significant as the rating of the organization gets priority for its financial transactions and policies adopted.

**Conclusions:** Conclusions of the study made on the ethical issues of NGO management can be listed as:

- There is no option left out except to accept the process of LPG for achieving the development,
- Optimization of the resources Vs development with need based models, is the top priority,
- Excellence is the need of the hour to satisfy the donor as well as the people or the society,
- NGOs play key role between the donor and the society both for formulation of the schemes & benefits and to implement them with an effective evaluation and monitoring,
- In the functioning of NGOs, a set of principles with ethics is the need of modern management to achieve sustainability with quality,
- The ethical issues of NGOs covers: Legal Area, Administrative Area, Technical Area and Financial Area and thus to work for holistic development of the targeted people or the society,
- The use of SWOT analysis and its use for the preparation of road map helps to

manage the NGOs with better ethics and strategies,

- Use of PRA Tools helps for the real development with full participation of the stakeholders,
- Deployment of RCPC support for the economical empowerment and leads for better living with sustainability and quality of life,
- Use of the technology for developing dynamic links helps for an effective

management of the organizations with better satisfaction to the donor as well as the people or the society,

- Management of organizations with set of principles with transparency and accountability minimizes conflicts and thus leads for better reach of the target group with sustainability and quality and
- On the whole, use of ethics with better management principles helps for holistic development of the people as well as the society and further nation.



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