UNIVERSITY OF KWAZULU-NATAL

SUSTAINING NON-GOVERNMENTAL ORGANIZATION

A Financing Strategy

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Graduate School of Business

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A Financing Strategy

By

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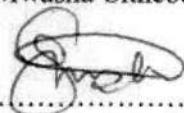
Supervisor: Professor Walter Geach

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DECLARATION

This research has not been previously accepted for any degree and is not being currently considered for any other degree at any other university.

I declare that this Dissertation contains my own work except where specifically acknowledged.

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Signed.(........)..................................

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ABSTRACT

In an effort to address the poverty situation in world, the international community set up Millennium Development Goals (MDGs) committing countries to work towards achieving these by 2015. Tanzania is one of the poor countries located in Sub-Sahara Africa and is expected to work towards the MDGs. Tanzania Development Vision 2025 and National Strategy for Growth and Reduction of Poverty (NSGRP) are some of the efforts made by the government of Tanzania to achieve these goals. A non-governmental organization within Civil Society sector is the subject of this study. The researcher believes in the importance of the organization and other similar organizations as major contributors in delivering the objectives of the poverty reduction strategy in the country. The research investigated the current institutional framework of the Non Governmental Organization (NGO) in Tanzania, specifically focusing on its financing strategy with a view to assess how the strategy can be strengthened or changed in order for the organization to remain strong and effective. The key questions of the study being; what make up an effective financing strategy, Can an NGO be financially sustainable without donor support? And what constitute a financially stable organization? The methodology used during the study included interviews with staff members and other key stakeholder, consulting literature and other relevant organization documents. The information collected was analyzed using a range of strategic analysis and research tools. Key to the financial stability is ensuring that the organization does quality and relevant work that is well planned and undertaken by motivated and competent staff. The study concludes that structures need to be reviewed time to time and defined to reflect organization's reality. Given the organization's situation it is recommended that capacity building work it does is accelerated and extended to local government as long as it will not affect the organization's core values. The Vision and mission should stay the same. To avoid confusion with the stakeholders and tax authorities the management should clarify non-profit making status of the organization. An audit of personnel capacity need to be carried out and their work responsibilities reviewed. Finally the organization should develop a clear proposal on capacity building for *poverty reduction* to access more donors funding.

Acronyms

CBOs	Community Based Organisations
CORDAID	Dutch Catholic Development Aid Organization
DFID- UK	Department for International Development, United Kingdom
EU	European Union
HIV/AIDS	Human Immune Virus/Acquired Immune Deficiency Syndrome
LGRP	Local Government Reform Programme
MDGs	Millennium Development Goals
MKUKUTA	Mkakati wa kitaifa wa kuzuia Umasikini Tanzania
MKURABITA	Mpango wa Kurasimisha Rasilimali na Biashara za Wanyonge
SMC	Swedish Mission Council
NGOs	Non Governmental Organisations
NGS	National Growth Strategy
NGSRP	National Strategy for Growth and Reduction of Poverty.
NPOs	Non Profit Organisations
PRS	Poverty Reduction Strategy
REPOA	Research on Poverty Alleviation
UN	United Nations
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VECO	Vredeseilanden- Coopibo

CHAPTER ONE

1 Introduction

1.1 Background and motivation to the research

The world has witnessed a considerable surge of interest in the broad range of social institutions that operate outside the confines of the market and the state, according to a study on the overview of global civil Society by Salamon, Wojciech and Sokolowski (2003)., this sector is known as a non-profit sector or civil society sector and is diverse in terms of fields of work; some are in health, education, advocacy, economy, water and sanitation. They are also diverse in terms of their typology: some are faith-based, workers unions, youth, and women to mention a few. The diversity also extends to their coverage; some are community initiated and based locally, some national and some international with programmes in a number of countries. With all the diversity, Civil Society Organizations (CSOs) share some key similarities in that they are institutionally separate from the state and not profit distributing, if extra income is generated from their activities the expectation is that this is reinvested back into the work of the organization. Most of them are fundamentally in control of their own affairs and membership in them is not legally required and they attract some level of voluntary contribution of time or money (Salamon et al., 2003).

Tanzania, like most African countries has moved from a one party state which controlled political, social and economic activities to a multi-party system and a more open market economy that allows civil society to organize and play a role in development of the country at different levels.

According to the Tanzanian government website information on poverty alleviation, a country is still facing a number of development challenges at different levels of society. National Strategy for Growth and Reduction of Poverty (famously known as MKUKUTA Swahili acronym), outlines these challenges and sets out the country plan to address them (http://www.tanzania.go.tz/mkukuta/mkukutasummary.pdf).The strategy will enhance 'the space for local stakeholders, including citizens, communities, civil society and the private sector in policy dialogue, implementation and evaluation of the impact of development initiatives'. The NSGRP recognises the

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role of this sector. The government further enacted a Non Government Organizations (NGO) Act (http://www.bot-tz.org/MFI/Library/NGO_Policy_2002_English.pdf) to ensure a policy environment that favours the prosperity and regulation of the sector's activities. The Act defines an NGO as voluntary grouping of individuals or organization which is autonomous, non-partisan, non profit making which is organized locally at the grassroots, national or international levels for the purpose of enhancing or promoting economic, environmental, social or cultural development or protecting environment, lobbying or advocating on issues of public interest of a group of individuals or Organization (http://www.bot-tz.org/MFI/Library/NGO_ Policy_ 2002_ English. pdf).

A non-governmental organization within civil society sector is the subject of this study. The researcher motivation to initiate the study lies in the belief the researcher has on the importance of the particular organization and other similar organizations as major contributors in delivering the objectives of the poverty eradication strategy in the country.

1.1.1 Purpose of the research

The research will investigate the current institutional framework of the organization, with a specific focus on its financial strategy and recommend how the strategy can be strengthened or designed in order for the organization to remain strong and effective. Financial sustainability of the organization has become an important part of overall strategy as the international aid system changes its financing conditions and areas of interests. The organization is an example of many organizations that are currently affected by the current reality of international donor aid framework.

According to the organization proposal for funding developed in 2000 when the organization was established, it received 100% funding from the Dutch based international funding agency, Dutch Catholic Development Aid Organization – (CORDAID). CORDAID changed its interest from 'capacity building' to supporting farmers with access to markets and to assisting health institutions in the fight with HIV/AIDS according to 2003 CORDAID Tanzania Country Strategy (www.cordaid.org). This meant that the organization would be losing CORDAID funding gradually from 2004 with the final installment coming in at the beginning of

2006. The organization has to make a plan for the future of organization finances and its sustainability.

1.1.2 Brief history of the organization

The organization is registered as a not-for-profit sharing Tanzanian organization (www.tracetz.com). It grew out of the practice of providing capacity building services to Non Governmental Organizations(NGOs) in Tanzania, within a framework pursued by an international NGO known as Vredeseilanden- Coopibo (VECO) in the 1980's and 1990's. VECO Tanzania and CORDAID agreed to support the development of the organization as a Consultancy service centre for Training and Facilitation. The organization was officially established on 1st July 1999 and formally registered as a Trust Fund in April 2000 (www.tracetz.com).

The founding Vision of the organization is of organizations that are substantially more effective in contributing to a vibrant Civil Society, and/or sustainable development. According to the organization strategic planning document (2004-2006), organization works with organisations that address the issues of poverty, human rights and development in general. The organization founding mission is to strengthen the capacity of organizations and individuals through organization development interventions, facilitating change processes in organizations, training and knowledge sharing (www.tracetz.com).

The organization strives to uphold and continue to share values that make an active organization with a social purpose (www.tracetz.com). These values are very important part of the organization and particularly for a capacity building organisation such as this. The following are core values as stated in the organization capability statement:

- Learning, growth and development
- Professionalism
- Accountability
- Humility

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Services to clients

The organization provides Organization Development facilitation and related interventions. It organizes and conducts Participatory Monitoring and Evaluation programmes and other need-based training programmes; develops and shares information and knowledge through publications, newsletter and debates to specific organizations and to the public at large and facilitates mainstreaming HIV/AIDS to client organizations (www.tracetz.com).

1.1.3 Problem Statement

The overall research question is how can Non-Governmental Organizations sustain themselves in the face of dwindling international aid system (donor financing)?

At the heart of its identity are two distinguishing characteristics that separates NGOs with government and private sector, NGOs are non-profit and non-governmental. By virtue of its mandate, state has sustainable income through taxes. The private sector sells or provides services for profitability and continuity to its shareholders. The NGOs are non profit-seeking and have limited resources and somehow restricted in their business-like activities. For the purpose of finance sustainability the related questions for the study are: what is an appropriate finance strategy for the organization and how does the organization design of the finance strategy would ensure that the organization energy is not re-directed towards *financial sustainability compromising the mission for their existence?*

1.2 Research Methodology

1.2.1 Nature of the study

The study will be exploratory and analytical in nature since it will attempt to evaluate the feasibility, acceptability, and suitability of the current organization financing strategy towards financial and organizational sustainability goal. Case study approach will allow a detailed insight into the organization strategic planning and in particular organization future and financial stability. The work of the organization will be analysed for relevance and position of the organization within the whole framework

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of civil society identified. Recommendations on developing an effective, relevant and suitable financing strategy according to the organization vision mission will be made if any.

Study setting

The study will use a case study approach and it will be qualitative in nature. A case study involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence, the case study strategy has the ability to generate answers to the questions "why?", "what?" and "how"?, (Saunders, Lewis & Thornhill, 2003).

Data collected will mainly be qualitative, though quantitative data may also be included. The focus will be on the interview with decision makers in the organization and on the review of secondary data from the organization and general literature.

1.2.2 Key aspects of the research project

The research project will include the following aspects:

- Assessment of whether the present strategy addresses the circumstances in which the organisation is operating.
- Evaluating the suitability of the organisation strategies by determining how the organisational is investing on its capabilities to solidify its position with donors by adding value to the society with the work that they do (Operations).
- Assessment of the acceptability of the strategy by evaluating the financial outcomes of the organisation and the support from stakeholders.
- Analysis of the feasibility of the strategy by assessing whether the organisation possesses the resources and competences that match the chosen strategies.
- Attempt to design a funding strategy by borrowing ideas from business strategic planning framework.
- Based on the outcomes, recommends future improvements and / or alternative strategies will be put forward to the management.

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1.2.3 The framework of the project

The current strategies of the organisation will be identified, analysed and evaluated in terms of, suitability, acceptability and feasibility. Strategic options would be reviewed borrowing from national and international experiences and literature review. The framework ensure that the proposed strategy is tested therefore has a much greater chance of lasting long and achieving its purpose.

1.3 Research Design

An important step any researcher should take is establishing a design in which to conduct the research. This will include a research strategy, data collection methods and data analysis. Research design techniques that will be applied include a comprehensive and in-depth interviews as well as secondary data analyses.

1.3.1 Sampling

The selection of the concerned management staff for interviewing will be based on purposive sampling, which is a non-probability sampling procedure. Non-probability sampling is arbitrary (non-random) and subjective. Each member does not have a known nonzero chance of being included; purposive sampling takes place when the judgment of the researcher is used to select the cases that comprise the sample (Saunders et al., 2003).

This method will be used because the objective of the sampling will not be to get a representative portion of the population, but to meet the key persons who have the required information. Convenience sampling will therefore be used to select sample elements of the study. These participants will be asked a mixture of investigative questions and open ended questions of their experience about the finance practices and strategic planning of the organization. Their comments/suggestions will be recorded for the purpose of deducing a conclusion.

1.3.2 Data collection instrument

A questionnaire will be used during interviews. The following questions will form the core of the interviews:

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✓ Is there a defined strategy for organization financing or fundraising?

✓ Is the strategy for funding within the framework of the whole organization plan?

✓ If not how does the organization acquire funds?

✓ How effective is the current strategy?

✓ Would you describe any challenges/counter challenges to the current strategy?

✓ Are stakeholders (staff, board and management) aware of the strategy?

✓ What are their roles in executing the strategy?

✓ How do they view the strategy?

✓ Any support for the strategy?

✓ What need improvements / changes to ensure an effective financing strategy?

✓ What does the future of finances in the organization looks like/

1.3.3 Analysis and measurement

One way to analyze data collected through case study method is to look for *commonalities and differences*. If we could find a systematic pattern we could accept or confirm our assumptions or discover a way to address the management question at hand (Ghauri & Gronhaug, 2002)

Exploratory and Descriptive research such as this is both flexible and rigid as it requires a clear specification of *who, what, why and how of the research problem*. Various strategic planning models and financing ideas suggested by the scholars in the field of finance and Non Profit Organizations will be compared to the actual practice of the organization to answer these questions and make recommendations for the future.

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1.3.4 Data Analysis

Yin (1994) suggested that every investigation should have a general analytic strategy, so as to guide the decision regarding what will be analyzed and for what reason. He presented some possible analytic techniques: *pattern-matching, explanation-building, and time-series analysis.* In general, the analysis will rely on the theoretical propositions that led to the case study. If theoretical propositions are not present, then the researcher could consider developing a descriptive framework around which the case study is organized.

For the purpose of the study, the techniques which will be used in analyzing data will be to rely on theoretical prepositions and models that have been developed by leading authorities in the subject matter. Analysis of data from the interview will not require specialist knowledge or statistical analysis. The facts for conclusion will be drawn from the literature evidences, other secondary data and the meaning sorted from interviews.

1.4 Literature review

1.4.1 Introduction

The terms "civil society sector" or "civil society organization" to refer to a broad array of organizations that are essentially private and non-governmental. They are formed outside the institutional structures of government and are not primarily commercial and do not to distribute profits to their directors. They are self-governing and people are free to join or support voluntarily.

Non profit organizations are part of civil society and central to our quality of life and concepts of citizenship. They are the carriers of the values and traditions of our society (http://www.thepowerof.com/non_profit_consulting.htm). United Nations Development Programme (UNDP) recognizes NGOs as agents of change for individuals as well as society as a whole (www.undp.org).

In this age of market economy like profit making businesses, non profit organizations need to improve and become more competitive. We live in an increasingly complex world with haves and have-nots in both developed and developing countries. For NGOs this brings about the challenges of interrelationship that is characterized by a

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great need on the one side (NGOs and their work) and limited resources on the other (the funding partners) as explained by Janet Shapiro toolkit for developing a financing strategy (www.civicus.org/new/media/Developing%20a%20Financing% 20Strategy. pdf). This means that NGOs, other civil society organizations and government are competing for limited resources. Based on this premise it is therefore vital for NGO to prepare a comprehensive strategy that shows they are worth any investment donor make on them. In the quest to achieve this it is vital for a non-profit organization to look for new processes and actions/motives that can cause fundamental changes in the way the organization raises funds. Modern non-profit organizations need to operate using a "business-like" approach to their strategic planning and fundraising efforts (http://www.thepowerof.com/non_profit_consulting.htm). Every program funded by grants and donors needs to have quantifiable and measurable results or risks losing current and future funding. Just as in every corporate world, you must answer to your "shareholders" who are your donors, grantors and clients. Without a strategy to create goals and measure results, a non-profit organization will fail. It is the *proper planning, marketing and leadership* of an organization that will build its legacy for years to come. "Non-Profit is a tax status— not a way of doing business." (www.thepowerof.com)

A range of literature about the organization (current work, plans, finances, human resource and programme management and governance) and about the subject and context of the research (Fundraising for nonprofit organizations, developing strategy, and strategy management & evaluation, and the Tanzania environment) will be consulted for the study.

1.4.2 Strategy

Strategy is the operating rationale of the organisation, it identifies the domain within which the organisation operates and will implicitly, identify the field of comparators, i.e. those against whom the organisation can reasonably be compared, it is the direction and scope of an organisation over the long term it matches organisational resources to its changing environment and in particular its markets, customers or clients so as to meet stakeholder expectations (Johnson and Scholes, 1999).

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Stakeholders are those individuals or groups who depend on the organisation to fulfil their own goals and on whom in turn, the organisation depends (Trim, 2003). In an a non governmental organisation stakeholders would be staff, board members, registered members, society it serves as well as the government.

In crafting a strategy, management is saying, in effect, "among all the paths and actions we could have chosen, we have decided to move in this direction, focus on these markets and customer needs, compete in this fashion, allocate our resources and energies in these ways, and rely on these particular approaches to doing business" (Thompson and Strickland, 2001).

A strategy thus entails management having to choose among several options and make decide on which particular strategic direction to follow in realising set goals and objectives.

Proctor (1997) argues that the corporate strategy of a business reflects objectives and goals, usually set within a time framework, and specifies the main policies and plans for attaining those goals, and usually defines the nature of the organisation's business that in turn influences the kind of economic and human organisation that is required.

According to Bateman and Snell (2004), strategic goals are the major targets or end results that relate to the long-term survival, value and growth of the organisation. Typical strategic goals include various measures of return to stakeholders, profitability, quantity and quality of outputs, market share, productivity and contribution to society.

1.4.3 Strategic Planning

Strategic planning involves making decisions about the organizations long-term goals and strategies and is a necessary tool for organizations today.

According Wilkinson and Monkhouse (1994) strategic planning is a means to an end, a way of positioning an organization through prioritizing its use of resources according to identified goals in an effort to guide its direction and development over a period of time. Noy (2001) concludes by saying "the whole purpose of strategic

planning is to build a set of targets and rules so that everyone in the organization will know where the company is going, why, how it is going to get there, and participate in the collective effort to reach those targets".

1.4.4 Scanning the Environment

Strategy is shaped by both external and internal considerations. The major external considerations are societal, political, regulatory and community factors; competitive conditions and overall industry attractiveness; and the company's market opportunities and threats. The primary considerations are company strengths, weaknesses and competitive capabilities; managers' personal ambitions, philosophies and ethics; and the company's culture and shared values. Thompson and Strickland (2001) argue that a good strategy must be well matched to all these situational considerations and must lead to sustainable competitive advantage and improved company performance. According to Hastings (1996), once a strategy has been created, the success or demise of it is dependent on the quality of the strategy itself.

1.4.5 SWOT analysis

Thompson and Strickland (2001) define SWOT analysis as a simple framework for generating strategic alternatives from a situational analysis and provide a good overview of whether a firm's business position is fundamentally healthy or unhealthy. It is the overall plan for running the organisation in response to the Situational analysis (http://www.yournxstep.com/docs/B3_Strategic%20Positioning.pdf).
SWOT analysis is a technique specifically designed to help with the identification of suitable business strategies for an organisation to follow (Proctor, 1997).

1.4.6 Strategy Evaluation

Strategy can neither be formulated nor adjusted to changing circumstances without a process of strategy evaluation. Whether performed by an individual or as a part of an organisational review procedure, strategy evaluation forms an essential step in the process of guiding an enterprise, thus, strategy evaluation is an attempt to look

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beyond the obvious facts regarding the short term health of an organisation (www.anderson.ucla.edu/faculty/dick.rumelt/Docs/Papers/EVAL2.pdf).

In assessing strategies, whether by formal or informal process, there are three types of evaluation criterion which can be used; suitability, acceptability and feasibility.

1.4.7 Testing for suitability

According to Johnson and Scholes (1999) suitability concerns whether a strategy addresses the circumstances in which the organisation is operating. This can be a useful basis on which to screen options prior to undertaking detailed analyses concerning acceptability and feasibility of options.

Suitability assessment has two stages; establishing the rationale/ strategic logic for each strategic option in its own right and; establishing the relative merits of an option when a number of choices are available through the process of screening options for further evaluation. The most important factors to be considered in testing suitability are the *macro environment factors in which all organisations operate*, this consists broadly of the economy at large, population demographics, societal values, and lifestyles, governmental legislations and regulation, technological factors and the company's immediate industry and competitive environment.

Thompson and Strickland (2001) explain that, a company situation analysis prepares the groundwork for matching the company's strategy both to its external market circumstances and to its internal resources and competitive capabilities. In undertaking the company / organisation's situational analysis, three questions will be answered.

1. How well is the company's present strategy working?
2. What are the company's resources strengths and weaknesses and its external opportunities and threats? (SWOT Analysis)
3. What strategic issues does the company face?

According to (Burner, 2003) a critical and comprehensive analysis of strategy must go beyond the traditional SWOT analysis. Various strategic tools and techniques would be applied apart from SWOT Analysis. Most of these techniques like value chain analysis, strategic cost analysis, gap analysis and organisation capabilities assessment

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are used by profit making organizations but could be designed to cater for non profit organizations strategic analysis as well.

1.4.8 Value chain analysis

The uniqueness of the competences underpinning the value-added features of a product or service will determine the suitability of a positioning of differentiation. The suitability of strategic development may also be tested by the extent to which the strategy will reconfigure the value chain in a way, which improves value for money and the competitive position of the organisation. The value chain analysis describes the activities within and around an organisation and relates them to analysis of the competitive strength of the organisation (Johnson & Scholes, 1999).

The value chain is a primary analytical tool of strategic cost analysis which identifies the separate activities, functions and business processes that are performed in designing, producing, marketing, delivering and supporting a product or service. When the value chain is reconfigured in such a way that extra benefit or value for money is derived from the linkages, then there is synergy in the organisation operations (Thompson and Strickland, 2001).

1.4.9 Gap Analysis

Gap analysis will be used to identify the extent to which existing strategies will fail to meet the performance objectives in the future; this is used extensively in public sector planning. In this case the strategic problem is the very idea of sustainability.

1.4.10 Analyzing Feasibility

Feasibility analysis is of paramount importance in the evaluation of strategy.

It is concerned with whether an organisation has the resources and competences to deliver the particular strategies it has chosen, feasibility tests can be done using quantitative methods like fund flow analysis which is used to identify the funds required for the strategy and likely sources of the funds, break-even analysis which is used to assess the feasibility of meeting target of return e.g. profit, risk of various

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strategies and quantitative methods like the resource deployment analysis used to compare the various options against each other (Johnson and Scholes,1999).

1.4.11 Analyzing Acceptability

Acceptability mainly looks at the consequences of the risk to interested parties when a particular option is selected. Strategies have to be acceptable to different stakeholders, in testing for acceptability the concern is the expected performance outcomes. For the profit making there are various ways to assess acceptability, in analyzing return, cost benefit analysis is used, financial ratio projections are used for analyzing risk and finally stakeholder reactions are taken into consideration (Johnson and Scholes, 1999).

1.4.12 Conclusion on the literature review

Without a perceptive understanding of the strategic aspects of a company's external and internal environments the chances are greatly increased that management will concoct a strategic plan that does not fit the situation well, that holds little prospect for building competitive advantage, and that is unlikely to boost company performance. Therefore an accurate diagnosis of the organisation's situation is necessary managerial preparation for deciding on a long-term direction, setting appropriate objectives, and crafting a winning strategy, which should be, suitable, feasible, and acceptable to all the stakeholders in the organisation.

1.5 Reporting

The reporting aspect of a case study is perhaps most important from the user perspective. It is the contact point between the user and the researcher. A well-designed research project that is not well explained to the reader will cause the research report to fall into disuse. In this section, the researcher will refrain from technical jargon and resort to clear explanations. Those explanations are necessary to help the user understand the implications of the findings.

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1.5.1 Practicability

Since the objective of this study is to solve a management problem and recommend a course of action the research will be set in a way that is easy to interpret and communicate to the organization. The interpretability of the results will not require specialist knowledge.

1.6 Dissertation Structure

The structure of the study is presented in six key chapters as follows:

Chapter One: Introduction.

Chapter Two: Review of literature.

Chapter Three: Research Methodology.

Chapter Four: Results.

Chapter Five: Conclusion and Recommendation.

1.6.1 Chapters Preview

Chapter one

Chapter one is the research proposal which serves as the introduction for the study, the research problem and the manner in which the problem will be dealt with. The discussion about the key elements of the case study is set out in this chapter. This introductory chapter presents an overall outline of the research question and background of the organization where the position of the organization at present will be established. The motive for the study will be communicated in this chapter and the limitations for the study will be highlighted.

Chapter Two

A theoretical assessment of the key concepts of the study will set the study within its wider context. The chapter will begin with a literature review of Tanzania economy and the history of Civil Societies and NGOs in Tanzania to have an idea of the organization operating environment opportunities and threats. Organization internal

situation will be established by the analysis of organization Strength and Weaknesses. The organization strategies will be reviewed in light of suitability, feasibility and acceptability to get a view of actual practice on the ground with regard to the study and the organization strategic positioning. There will be a critical review of the literature of the theory of strategic management and strategic evaluation. Various strategic management tools will be discussed to establish how they can be applied in strategic planning for NGOs. The literature on sustainability and fundraising theory and strategies will be reviewed in order to highlight the guidelines for which to evaluate the organization funding strategy and make a case for designing of the financing Strategy. Various ways of resource mobilization for Non-governmental organizations will be discussed. This chapter will set a field for discussion of the facts, discrepancies and recommendations in the section that follows.

Chapter Three

This section will document how the research was carried out. Details of field work will be presented here. The envisaged methodology in chapter one will be highlighted to show how it was adjusted to fit the problem and redefine research objectives if any. The methodology followed to select the sample, develop the questions for interview and any statistical procedure to manipulate date acquired will be presented at this juncture. An in-depth analysis of the case using the strategic models that were developed in the literature review will be undertaken.

Chapter Four

The facts of the research findings will be presented in this chapter. Information from interviews and organization documents and other secondary data will be evaluated to draw out the facts. This will include the presentation of the finding on the organization strategic management process. The question of why the organisation exists and what is its mandate should be made clear. How the organisation view itself, plan for its work and make strategic decisions will inform the organisation effectiveness and stability financially or otherwise.

Chapter Five

For each finding from the previous chapter there will be a conclusion that will serve as a judgment after reporting the facts. The findings implications onto the

organization will be discussed and recommendation given. The recommendations will inform management what should be done to address the problem(s) that were discovered. According to Saunders et al., (2003) any implication for the future research and what the study adds to the literature if anything may be included here.

CHAPTER TWO

2 Review of Literature

2.1 Introduction

This chapter will examine how literature defines key concepts central to the study. The author plans to explore contemporary frameworks and definitions underpinning these concepts. The theories will be later used to analyze the findings of the interviews and reach conclusions.

1. *The context of the organization*, the working environment/ situation in the country in which the organization operates (namely Tanzania) is discussed.

2. *Civil Society Organizations (CSOs)*; the definition and legislative framework of civil society organizations and non governmental organization as a subset of the CSO sector are discussed.

3. *Capacity building* is defined and linked with the organization role as a capacity building organization seeking to strengthen civil sector, the literature is reviewed on the capacity building.

4. This section of the literature review looks at the whole arena of strategic work, strategic planning and evaluation and tools for strategic analysis and evaluation.

5. The literature's review of finance strategy is explored and linked to other organization strategies. This will show how far the organization strategic planning and action planning is designed to sustain the organization. In this section the central theme of the whole study, financial sustainability of the organization is discussed and various options for resource mobilization reviewed.

2.2 TANZANIA: Country Analysis

The organization that is a subject of the study operates in Tanzania. This sub-section provides the reader with a background and gives a national context of the organization existence as a development actor.

2.2.1 Political context

The United Republic of Tanzania was formed out of the union of two sovereign states namely Tanganyika and Zanzibar. Tanganyika became a sovereign state on 9th December, 1961 and became a Republic the following year. Zanzibar became independent on 10th December, 1963 and the People's Republic of Zanzibar was established after the revolution of 12th January, 1964. The two sovereign Republics formed the United Republic of Tanzania on 26th April, 1964. Dar es Salaam is the commercial capital and major sea port for Tanzania Mainland. Tanzania was a one-party state from independence until mid-1980s, with a socialist model of economic development. In the middle of 1980s Tanzania undertook a number of political and economic reforms and a multiparty democracy was adopted in February 1992 with a registration of 11 political parties. Tanzania is considered one of the stable and peaceful countries in Africa (http://en.wikipedia.org/wiki/Politics_of_Tanzania).

2.2.2 Demography

Tanzania's population is estimated at 36.6 million people (2004). The population growth rate has been decelerating steadily, to an estimated 1.9 percent per year in 2004. This deceleration will contribute to more rapid growth of per capita income over the next two decades, while also helping to ease the growth of demand for public services, including education and health. For the immediate future, however, the age dependency ratio remains very high, with 0.88 dependents per person of working age. A high dependency rate is a symptom of deep poverty, showing that there are many mouths to feed for each hand to work (www.nathaninc.com).

2.2.3 Economy

The Tanzanian economy is dependent primarily on agriculture, with cotton, coffee, tea, cashew nuts, sisal, maize, rice, wheat cassava and tobacco accounting for 50% of the GDP and 85% of all exports (www.imf.org/external/np/sec/aiv/index.htm). According to the study of Tanzania Civil society, the country's socialist background accounts for the preponderance of state-owned companies most proved themselves unprofitable and up to 80% were sold off (Siri, Wallevik & Kiondo, 2000). Privatization is considered to be a success in Tanzania, with newly privatized companies proving tax-worthy, creating jobs for Tanzanians and generally improving

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the economy. However, Criticisms have been levied against the World Bank for its ongoing prescription of neo-liberal economic policies (Siri et al., 2000).

2.2.4 Poverty

Despite being peaceful and politically stable, Tanzania's leaders have failed to build a stable economy and poverty is widespread. Tanzania is one of the poorest countries in the world with 48% of the population living below the basic needs poverty line (http://hdr.undp.org/reports/global/2004/pdf/hdr04_HDI.pdf). The country was one of the first to produce a progress report on the Millennium Development Goals (MDGs). Poverty Reduction Strategy Paper, (PRSP) was completed in October 2000. The strategy has focused on rural development, promotion of microfinance, development of the infrastructure, and facilitation of private investment in order to foster rapid economic growth to benefit the poor.

A progress report for the Poverty Reduction Strategy Paper (PRSP), however, shows that there is not much evidence that poverty has been declining over the past decade despite solid macroeconomic performance. Nonetheless, the latest poverty estimates show that the incidence of poverty is lower than in many other African countries. In particular, the proportion of population living below the national poverty line was estimated at 35.7 percent in 2001, much better than the regression benchmark of 56.9 percent for an African country with Tanzania's level of income, suggesting a relatively equitable distribution of income. The PRSP progress report emphasizes a pressing need to improve governance, as a foundation for poverty reduction (www.povertymonitoring.go.tz)

2.2.5 Food security

The efficient functioning of Tanzania economy, markets and the agriculture sector in particular are highly constrained by a grossly inadequate internal transport system (www.imf.org/external/np/sec/aiv/index.htm). Access to rural areas remains particularly difficult, with only an estimated 10 percent of roads to these areas in reasonable condition. Food security is an issue especially in three regions Lindi, Mtwara and Kigoma which have the poorest access (www.povertymonitoring.go.tz).

Decreases in food production per capita, combined with an increase in cereal exports, have compounded the situation. Severe transport disruption and rising petrol prices for this year in particular will greatly add to problem of communication and food transportation. In Tanzania food prices reflect supply constraints due to inaccessibility rather than overall scarcity. In other words in some areas food may be available but simply cannot be transported to areas of need, in some cases the distance between the two is less than 10 kilometers (www.povertymonitoring.go.tz).

2.2.6 Education

Education is a particular problem in rural areas where enrolment rates are low, (http://stats.uis.unesco.org/ReportFolders/reportfolders.aspx) enrolment and literacy rates remain particularly low amongst girls and women. At the same time, the working age population is steadily becoming better educated, with the adult literacy rate reaching 77.1 percent in 2002. Latest there has been records of progress made in enrolment to universal primary education (http://stats.uis.unesco.org/ ReportFolders/ reportfolders.aspx).

2.2.7 Health

The provision of basic health service is a major form of human capital investment and a significant determinant of economic growth and poverty reduction. Tanzania suffers from declining health resources at a time when the HIV/AIDS pandemic is at its most devastating (http: //www. unaids. org/Unaids /EN/ Resources / epidemiology.asp). The number of orphans from HIV/AIDS in Tanzania has been estimated to be at least 2 million (www.povertymonitoring.go.tz). The disease is considered to be the main threat to the country's economic and human development; some estimates suggest that, if the decimation of the workforce continues unchecked, the economy will shrink by 25% by 2015, destroying all prospect of achieving the Millennium Development Goals (MDGs). Approximately half of the population is affected by malaria and the government strives to raise awareness about preventative measures. Another crucial health issue for Tanzania is access to clean and safe drinking water (www.povertymonitoring.go.tz).

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2.2.8   Government Development Strategies to Eliminate Poverty

Tanzania has embarked on a more comprehensive strategy to ensure achievement of the targets put forward by the Millennium Development Goals (MDGs). These efforts include a strategy for development vision, Tanzania Development Vision 2025 (www.gov.tz). The targets of the vision 2025 are to attain high *Quality Livelihood, Good Governance and the Rule of Law and a Strong Competitive Economy.* This Vision is supported by a number of government frameworks like the Local Government reform programme, Property and Business Formalization Programme better known in Swahili as Mpango wa Kurasimisha Rasilimali na Biashara za Wanyonge Tanzania (MKURABITA).

A National Strategy for Growth and Reduction of Poverty (NSGRP) or Mkakati wa kitaifa wa kuzuia umasikini Tanzania (MKUKUTA) in Swahili, is yet another strategy that has targeted specific areas which are core to the war against poverty. It is based on the achievement of three major clusters of broad outcomes for poverty reduction, namely: (i) *growth and reduction of income poverty; (ii) improved quality of life and social well being; and, (iii) good governance and accountability.* The implementation of this strategy is monitored by a system that assesses changes and effective achievement of its goals and targets designed to contribute directly to the achievement of the Millennium Development Goals (www.gov.tz).

Poverty and Human Development Report, 2005 study done by Research and Poverty Alleviation (REPOA) concluded that the new strategic framework MKUKUTA, is a broader strategy and has a greater focus on growth and on governance. The analysis of this report suggests that growth and governance merit much greater attention to ensure a more rapid reduction of poverty, to generate broad-based growth, and to deliver more equitable access to services and opportunities. Even though primary education enrolment has achieved national targets and under-five mortality rates have fallen, there are still significant disparities, geographically and socially (www.repoa.org). There is a growing optimisms especially if all development actors respond positively and play their part in furthering the goals of the poverty reduction strategy, like the other two sector, state and business, MKUKUTA outlines the role of Civil Society Organisations who have been playing an important role especially after

the country ushered in a multiparty democracy which saw a growth in CSOs and a greater recognition of their role by government. The next session will describe this sector more detail.

2.3   Civil Society Organisations

The organization that is subject of this study is part of the Civil Society Organizations. Civil Society Organization (CSO) constitutes a third sector, existing alongside and interacting with the state and the private sector. UNDP confirms this in its definition of the sector as non-state actors whose aims are neither to generate profits nor to seek governing power. CSOs unite people to advance shared goals and interests (http://www.undp.org/reports/global/2006). UNDP continues by defining their role as:

> *Advocacy*: change public opinion with regard to a given issue.
>
> *Watchdog*: measure both progress towards commitment made at United Nations world conferences and to assess the current state of aid and development cooperation programmes.
>
> *Networking*: coordinating other CSOs that work in a particular sector.
>
> *Research*: research issues, which are important to the CSO, often linked to an advocacy function.
>
> *Serve as umbrella CSO*: perform a coordinating and representative function.
>
> *Federations*: CSOs in one area or sector federate together for goals they can best achieve through greater numbers. CSOs interested in a particular issue also federate together with specific joint objectives.

Tostensen, Tvedten & Mariken (2001) defines civil society sector as *the public realm of organised social activity located between the state and the private household*. This provides the sector clear identity and most importantly its impartial role that enables it to act with the state if the state was serving the interest of the people and against the state where the state is seen not to serve the interest of its citizen. In developing countries especially in our continent where state require support in responding to the problems and the needs of its citizens. The sector comprises the full range of formal and informal organizations within civil society: NGOs, community-based organizations (CBOs), indigenous peoples' organizations (IPOs), academia, journalist associations, faith-based organizations, trade unions, and trade associations, as examples. CSOs play an increasingly influential role in setting and implementing

development agendas throughout the world. Many have been in the forefront of advocating principles of social justice and equity.

The subject of this study is a Non Governmental Organisation (NGO) within a larger sub-sector of CSOs that is particularly playing a big role in service delivery and advocating for pro-poor policies in the world today. Most development interventions have been enriched by the contributions of the NGOs who have acted alongside with government or by themselves in contexts where government machineries had not been trusted with delivering impartial and effective service to the poor (www.repoa.org).

2.3.1 History of Civil Society in Tanzania

Like most developing countries in Africa, Tanzania has a large number of international and national NGOs acting for the poor and the marginalised. According to a study done by Salamon, Sokolowski & Anheier (2000) the influx of non governmental organizations has been prompted in part by growing doubts about the capability of the state to cope on its own with the social welfare, developmental, and environmental problems that face nations today and a growing number of political leaders and community activists have come to see such civil society organizations as strategically important participants in the search for a middle way between sole reliance on the market and sole reliance on the state.

Between 1974 and 1988 real wages fell by 83 % and the state was unable to provide even the minimum of social services. Achievements in the health and education sector were reversed (Siri et al., 2000). In response to this, more people became self-employed, and many organized themselves in welfare organizations that could be based on religious, regional, ethnic or professional affiliation. The authorities chose to ignore their earlier ban of these types of organizations and allowed them to operate. Possible reasons why the government allowed these organizations to flourish could be because national integration had consolidated since independence and the government had come to realise their own incapability regarding service delivery. The state had completely failed to meet citizen's demands and the economy was fast accelerating downwards (Siri et al., 2000). The other important fact that has contributed to the growth of the sector in Tanzania is the state reforms that have taken place in the last two decades (Siri et al., 2000). With democratization process and new commitment to

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addressing problems that are keeping the majority of Tanzanians in poverty, the civil society organizations are seen as critical players and expected to play a central role in both service delivery and the development of democracy. Civil society and in particular NGO's are expected to enhance or promote economic, environmental, social or cultural development or protecting environment, advocating on issues of public interest of a group of individuals or Organization. In the early 1980s, fifteen years after the education system had been nationalized, the government opened up for non-state secondary schools (Siri et al., 2000). A few years later, in 1986, they went further, calling upon churches and other non-governmental organizations to play an even greater role in the provision of education and health care services. In less than ten years (1984-1992), the number of NGO run schools tripled from 85 to 258. Even such a basic state responsibility as security, was taken over by the people themselves as the police force was said to be bribed by criminals. The defense teams were organized all over the country under different names, the most common being *sungusungu* (http://findarticles.com/p/articles/mi_qa). Reportedly the numbers of murders and armed robberies fell dramatically. The state's acceptance of *sungusungu* in 1990 marked a new era concerning the government view on civil society in general. The sector plays an important role in service delivery all over the country, surpassing that of the state in most fields. In the study of nine districts by Kiondo (1993), non-government actors were running 61 per cent of the secondary schools, 87 per cent of the nursery schools and 43.5 per cent of the hospitals. The percentages are probably significantly higher today. Other service delivery organizations are interest groups, running projects for vulnerable groups of the population, like the HIV positive/AIDS victims, the handicapped and so on. The advocacy NGOs are also involved in service delivery to the people, but at a different level - arranging workshops and carrying out training programmes both on technical skills and on people's rights. Some of these organisations are also directly involved in service provision to the public by providing free legal aid (Siri et al., 2000).

2.3.2 Tanzania NGO governing law

A National Steering Committee consisting of representatives from the Government, local and international NGOs, CBOs and religious organisations, has produced several drafts for the new NGO policy, an indeed remarkable democratic process considering Tanzanian context and the socialistic background. These drafts have been discussed in

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a number of workshops both national and zonal. Local NGOs, local authorities as well as donors have been invited to give their views, and their comments have been incorporated into the fifth version of the policy which will be used as a background document for the formulation of the law itself. The government saw a need to formulate a new NGO policy as the existing laws for registration were outdated. The government wants to facilitate better co-operation between NGOs and the government as well as between NGOs. The policy draft lists eight main objectives, of which the following four are the most important:

1. To put in place registration procedures, which are transparent, decentralised and which will facilitate better co-ordination of NGOs while safeguarding the freedom of association.

2. To enhance mechanisms for collaborative relations between NGOs, the Government, funding agencies and other stakeholders.

3. To facilitate mechanisms for Government support to NGOs.

4. To promote transparency, accountability and awareness among NGOs themselves, the Government and other stakeholders.

(United Republic of Tanzania: National Strategy for Growth and Reduction of Poverty, January 2005).

2.4 Challenges and needs of Tanzanian civil society organizations

Clear strategic direction and positioning

Critical to the sustenance of their contribution in the development of the country, basing on my experience in commercial field as well as working with development organizations NGOs, development actors on behalf of the poor of Tanzania require clear development vision and strategies that are relevant, proactive and sustainable. Currently most organizations are responding to the needs and requirements of their donors (Holloway, 2001). Because of limited visionary leadership, most NGOs have fallen to a trap of trying to follow the needs of the donors (Holloway, 2001) as opposed to defining the problems and the needs of the poor and formulating their strategies around the needs of their target groups. The consequence of this gap is that most local organisations continue to implement or serve the interests of their donors for that matter most of the local or the so-called indigenous NGOs are still struggling

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with their clear role and uniqueness in society. Siri et al (2000) concluded in the study on Tanzania civil society that the legacy of the socialist state also contributes to the problem by leadership of these organizations, most of them are struggling to take a clear stand in relation to government and international development agencies.

Leadership

There is a strong tendency to top-down approaches in the running and operations of the civil organizations at present. Ideally civil society should be the voice of the people that ensures that the people's voice is heard loud and clear. The evidence is that currently there are limited people's organizations with a strong national voice as noted in the study on civil society's organizations in Tanzania by Siri et al (2000). The organization articulates and stands for the needs and priorities of its founders, the people themselves. In Tanzania however, organizations tend to be formed by resource persons, who reach out to the grassroots, and not the other way around, so these resource people who mostly are an elite who sees an opportunity to serve their own interests use the organization to primarily serve their own interests. So the voice and the will of the people whose needs and problems dominates the founding documentation of a particular organization seldom fully benefit from the initiative's efforts. With a legacy of socialist state where most professionals were educated within a socialist framework and worked for the state for years, leadership of NGOs also reflects a strong ex-government employee profile. A profile that is dominated by limited vision and knowledge of the third sector, limited visionary and knowledge of the role of CSOs and a strong orientation towards top-down leadership styles, inflexible people management skills and limited relationship and networking skills (Salamon et al., 2000).

Limited involvement of the people served

Primarily based on their partiality with the people especially the poor and marginalized and their ability to open opportunities for the participation of these people, NGOs and other actors within civil society could be characterized as having a strong value system. Whilst it is hoped that NGOs would provide people with opportunity and capacity to represent their own voice, when coming to government

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delivery or lack of it thereof it is sad that NGOs themselves have been struggling to get the voice of the people into their programmes planning processes (Siri et al 2000).

2.5 Capacity Building

It follows therefore with nascent civil society organizations in the country, there is a strong need for capacity building programmes that would addresses specific challenges that exists within the sector. For this reason, it is logical that a majority of finance aid resources have been channeled to capacity building. Through international NGOs and consultants, Tanzanian CSOs have benefited from a comprehensive capacity building programmes assisted by the grants from donors like USAID (www.usaid.gov) and DFID (www.dfid.gov.uk) The last decade have seen efforts towards establishing Tanzania capacity building organizations who seeks to provide the much needed capacity and ongoing support for NGOs to overcome some of the challenges they face in their work across the country. The case study organisation was established to meet the capacity building demand for civil societies in the country.

Capacity building is a broad term that includes different efforts or activities aimed at improving an organization's efficiency and sustainability in relation to its aims, objectives and context and its ability to function as a strategic and interdependent unit with a high degree of resilience (www.missioncouncil.se).

It can be *technical support* in the form of knowledge or resources with the aim of developing specific competence within the organisation, for instance through an educational effort for the personnel concerned (www.missioncouncil.se). The aim is to add certain resources or knowledge in order to improve the organisation's performance, often within a specified area.

It can be *organizational support* targeted toward the organisation's actual function and structure, rather than to its performance (www.missioncouncil.se). One example might be strategic planning or management development with the aim of improving the organisation's effectiveness in these areas. These efforts are often relatively short-term and are directed toward a specific, identified problem.

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It can also be the type of efforts usually referred to as *organizational development* that is a more comprehensive, long-term and thorough effort that looks at the whole organisation – its identity and culture, its leadership and management systems, and also its ability, function and performance. The core of the organisation is often focused on its basic values, self-understanding and organizational culture that together form the organisation into what it is – its identity.

Organizational development (OD) is one form of capacity building, which comes from a discipline and practice that stretches over 50 years (www.missioncouncil.se). It encourages planned participatory change that aims to increase the organisation's capacity for learning, awareness and self-understanding, so the organisation can be better prepared to take control of its situation, activities and future. Different types of more targeted capacity-building measures, as above, can be used to support the changes needed.

Most Tanzanian NGOs require most if not all the capacity needs defined above. The case study organization action plan document lists typical organizational issues for most of its clients as;

• organizations have a limited idea of their own identity. They are often offshoots or satellites of international organizations.

• there's a lack of the ownership spirit among members of the organizations. They see organization as a site of employment and are not committed to the idea of organization, of working together, or in collaboration to achieve greater results in a sustainable way.

• many organizations have an orientation to project thinking rather than organizational thinking – delivering the project on time takes precedence over building a viable sustainable base for many projects to come.

• many organizations are weak in analyzing the context of their work; the conditions of their beneficiaries and target group; and articulation of these in their purpose and strategies.

• many organizations have minimal organizational capacity to perform effectively and many are over – dependent on external finance.

• many organizations don't encourage, nor plan for, learning as individuals, as groups or as an organization

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• many organizations lack strategic and visionary leadership to engage the organization in addressing strategic issues and developing strategies to address them. The case organization is one of the few organizations set up and continuing to find best ways to position itself as a professional organization providing some of the above capacity building services. The organization has a vision of organizations which are substantially more effective in contributing to a vibrant civil society and/ or sustainable development. The mission of the organization is to strengthen the capacity of organizations and individuals through organization development (OD) interventions, training and knowledge sharing.

2.6 Organization Historical Background

The organization is a registered and non profit sharing local organisation which grew out of the practice of providing training and consultancy services to organizations in Tanzania, in the framework of a program pursued by the international NGO known as Vredeseilanden- Coopibo (VECO). In the early nineties, VECO Tanzania changed its core purpose to be capacity building of local organizations. Capacity building was seen as a process and was practiced through the transformation of projects into local organizations (Institutionalization), training and consultancy and promotion of networking. In the course of 1998, it became clear that such training and consultancy/facilitation services should rather be provided by an independent national organization terefore in July 1998, both VECO Tanzania and Dutch Catholic Development Aid Organization (CORDAID) agreed to *support* the development of the organization as a service centre for training and consultancy/facilitation of processes to Tanzania organizations. The organisation was officially established on the 1st of July 1999 and formally registered as a Trust Fund in April 2000.

Three development practitioners who were then working with VECO moved as pioneers of the organization and gave the organization its edge as a capacity building organization. The motivation behind the inception of this organization lies on deeply felt need for Organizational Development (OD) services in Tanzania and vast experience of its pioneers in working with organizations in Tanzania and their strong commitment to contributing in the creation of a vibrant civil society in the country (www.tracetz.com).

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2.6.1 Organisational Goals and Objectives

The organization is dedicated into building and supporting Civil Society Organizations - Community Based Organizations (CBO's), Non Governmental Organizations (NGOs), International organizations and Government institutions and /or agencies. It provides Organizational Development (OD) training and facilitation services to both local and International organizations involved in development work. According to the organization website (tracetz.com), the organization works with similar organizations working in Poverty Reduction, Human Rights and Just and Sustainable Development in general. Its work is underpinned on the belief that for change to be effective the process needs to be driven and managed by the organization itself, the organization offers to facilitate these change processes and promote learning, relationships and shared leadership.

The organisation fully recognises that projects and programmes are cutting edges of the development process. Development process can only be successful if those affected bear responsibility and bring about the change themselves. Development can be initiated on the basis of the need of the people affected and the scope they have to act. To bring about any developmental changes in a community three important elements should be taken into consideration: - the *context of the change; the actors involved and, the change process itself*. The underlying belief lies on the premise that sustainability of these organizations will come about when the organization activities, policies and systems supports the mission of the organization. The onus is on the management leadership and other stakeholders of the organization to realize the need for embracing change while keeping their focus on the overall mission and work effectively to sustain the organization (Burner, (2003).

2.6.2 Core operations

The organisation provides a range of services that includes undertaking OD interventions facilitative processes and tailor made training for client organizations. Organizing and conducting participatory and need based trainings, sharing

information and knowledge through publications, newsletter, documentation and dissemination of good practices and through public debates and mainstreaming HIV/AIDS to client organizations.

Facilitation and Training are the core services provided by the organization and according to the organization capability statement document, the organization practitioners have considerable experience in the areas of Organisation Development (OD) and support, Facilitation and Training, Participatory project planning monitoring and evaluation, Review and Evaluations, Strategic Planning and Business Planning processes, Financial management and resource mobilisation.

I.   Facilitation and Training

The organisation facilitates trainings to support OD or change interventions to address specific needs of the clients, the organisation do conduct and facilitate tailor- made training courses and OD processes. For the past five years as documented in the organisation business planning reports it has designed and delivered the following tailor made courses and interventions with a number of organizations:
- Organizational Capacity Assessments
- Strategic Planning Processes
- Good Governance and leadership training
- Training Needs Assessments
- Financial/Grant Management, Human Resource Development and Financial Sustainability Training
- Evaluations of Programs and Participatory Planning Monitoring and Evaluation Training
- Group Dynamics, Team Building and Conflict Management
- Organization Development Training

II.   Organisation Development (OD)

The organisation is engaged with clients in a more comprehensive, long-term relationship to look at the "whole organisation" - its identity and culture, its leadership and management systems, and also its ability, functioning and performance. It has

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skilled practitioners to sensitively guide clients through OD processes that seek to strengthen their ability to plan and manage their change processes, increased institutional impact of organizations, Improved financial and institutional sustainability and Strengthened inter-organizational collaboration. The following are OD related work undertaken by the organization:

- Organizational Capacity Assessments.
- Good Governance and leadership.
- Needs Assessments.
- Team building.
- Mentoring.
- Conflict management.
- Human resource and development.

III. Participatory project planning monitoring and evaluation (PPME)

The organisation conducts a number of assignments in the area of project planning, monitoring and evaluation by involving stakeholders. It has also been involved in tailor-made training in participatory project planning, monitoring and evaluation to equip organisations with a wealth of skills, expertise, experience and knowledge.

IV. Program review/evaluation

In its intervention, the organisation has been involved in a number of program review/evaluation with different organizations. The evaluations were at different levels i.e. midterm reviews, end of project/program to measure outcome and impact. It has also been involved in assisting organizations to develop Monitoring and Evaluation Systems, which go hand in hand with data collection tools and analysis methods and trained clients on data collection and analysis.

V. Strategic and Business planning processes

In the present time of fast changing environment and rapidly changing priorities in organisations, a strategic plan is an essential tool that helps organisations to clarify their future position and identity within society and where they wants to be and how

they plans to get there. Strategic planning processes; have been the greatest source of learning at the organisation over a number of years. Many organisations who have engaged the organisation practitioners as facilitators in their strategic planning processes informally during the workshops agree that they are enabled to assess and understand their organisations, in relationship to their external and internal environment in order to enhance/improve *performance* (including resource utilisation), *effectiveness, impact, sustainability.*

VI.   Financial Management and Resource Mobilization

In many CSO's, the importance of financial management is not sufficiently appreciated and the need to develop unique financial strategies is not always accepted. Many managers in CSOs are not trained in financial management and are yet held responsible for organization financial matters and making financial decisions in their organizations. In many CSO's, non-financial managers receive financial reports/information from finance staff without clearly understanding what they mean. As a result more often non-financial managers read only the conclusions and not the detail; because they are not trained to understand such financial details. The organisation has organized a number of courses aimed at making non-financial managers understand in simple terms, how to read financial statements, what other pertinent information to ask for, and how to further communicate them to others. In other words non-financial managers are inspired to read the details of financial reports in their organizations and make meaning out of it.

VII.   HIV/AIDS mainstreaming

The organisation is trying to contribute in the fight against the pandemic in four ways:
1. HIV/AIDS internal and external mainstreaming within the organisation.
2. Support donor (cordaid) partners to mainstream HIV / AIDS.
3. Strengthening the capacity of organisations working in the field of HIV/AIDS.
4. HIV/AIDS/ Research and Information dissemination.

VIII. Gender Mainstreaming in the OD Intervention

There is a broad consensus that the promotion of gender equality should feature in any development endeavour. Through the mainstreaming approach it is ascertained that gender dimensions are fully taken into account within policies, programs, projects and the mainstreaming effort in two ways: Gender mainstreaming within the organization and Gender mainstreaming in the organisation work with all clients.

IX. Publications and information dissemination

The organization aims to become not only a leading OD service provider but also a well functioning and reliable OD resource centre in the country. The organisation collects a range of materials on organisation development, leadership development, participatory approaches, good governance and development in general. These documents provide opportunity to its client organisations to read in the resource centre. The organisation is in the process of making publications on its experiences of its own practice that will be shared with its client organisations and the public in general. The organisation has also established a website to provide a platform for information sharing. It networks with different organisations doing similar work within and outside the country.

2.7 Strategic management and planning

The key issue that should unite all discussion of strategy is a clear sense of an organization's objectives and a sense of how it will achieve these objectives. It is also important that the organization has a clear sense of its distinctiveness. For the leading strategy guru, Michael Porter (1996), strategy is about achieving competitive advantage through being different delivering a unique value added to the customer, having a clear and enactable view of how to position yourself uniquely in your industry. To enact a successful strategy requires that there is fit among a company's activities, that they complement each other, and that they deliver value to the firm and its customers. A firm needs a well defined sense of its mission, its unique place in its environment and scope and direction of growth. Such a sense of mission defines the

firm's strategy. A firm needs an approach to management that will harness the internal energies of the organization to the realization of its mission. Historically, views of strategy fall into two camps▐▐▐▐▐▐▐▐▐▐▐▐▐▐▐▐▐▐▐

There are those who equate strategy with planning. According to this perspective, information is gathered, sifted and analyzed, forecasts are made, and senior managers reflect upon the work of the planning department and decide what the best course for the organization is. This is a top-down approach to strategy. Others have a less structured view of strategy as being more about the process of management. According to this second perspective, the key strategic issue is to put in place a system of management that will facilitate the *capability of the organization* to respond to an environment that is essentially unknowable, unpredictable and, therefore, not amenable to a planning approach. A consensus view is that good strategic management actually encompasses elements of each perspective. There is no one best way of strategy. The planning approach can work in a stable, predictable environment. Its critics argue that such environments are becoming increasingly scarce, events make the plan redundant, creativity is buried beneath the weight and protocols of planning and communication rules. Furthermore, those not involved in devising the plan are never committed to its implementation. The second approach emphasizes speed of reaction and flexibility to enable the organization to function best in an environment that is fast-changing and essentially unpredictable. The essence of strategy, according to this view, is adaptability and incrementalism. This approach has been criticized for failing to give an adequate sense of where the organization is going and what its mission is. It is important for an organization to view the fast changing economies that is characterised by the domination of global market economy and decide for itself what the best way to optimize their objectives.

2.7.1 Strategic Management

Strategic management is a systems approach to identifying and making the necessary changes and measuring the organization's performance as it moves toward its vision. It is a management system that links strategic planning and decision making with the day-to-day business of operational management.

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According to *Robinson, 2003* Strategic management is defined as the set of decisions and actions that results in the formulation and implementation of *plans* to achieve company's objectives. It comprises of nine critical tasks:

1. Formulating the company mission, including broad statement about its purpose, philosophy and goals.

2. Conducting an analysis that reflects the company's internal conditions and capabilities.

3. Assessment of the company external environment, including both the competitive and the general contextual factors.

4. Analysis of the company's options by matching its resources with the external environment.

5. Evaluating each option in the light of the company's mission to identify the most desirable option.

6. Selecting a set of long-term objectives and grand strategies that will achieve the most desirable option

7. Developing annual objectives and short term strategies that are compatible with the selected set of long term objectives and grand strategies.

8. Implementing the strategic choice by means of budgeted resource allocations in which the matching tasks, people, structures, technologies and reward system is emphasized.

9. Evaluating the success of the strategic process as an input for future decision making.

These critical tasks confirm that strategic management is an ongoing process. A process that consists of the *analysis, decisions, and actions* an organization undertakes in order to create and sustain competitive advantages. Therefore an essence of strategic management is basically a study of why some firms outperform others. It is all that is necessary to position the firm in a way that will assure its long-term survival in a competitive environment, so strategy is an organization's way of saying how it creates unique value and thus attracts the customer that is its lifeblood. It follows that Non-governmental organizations just as Profit oriented organizations, have a challenge to think and *act in* a more strategic way in their planning and future outlook. They must take the necessary actions to implement their strategic decisions

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by translating the strategy into action throughout the organization. Leaders are required to allocate necessary resources and design the organization activities to bring intended strategies to reality in pursuit of sustainability of both financial and operations.

2.7.2 Strategic Planning

Strategic planning involves making decisions about the organizations' long-term goals and strategies and is a necessary tool for organizations today. According to Wilkinson and Monkhouse (1994) strategic planning is a means to an end, a way of positioning an organization through prioritizing its use of resources according to identified goals in an effort to guide its direction and development over a period of time. Noy (2001:14) concludes by saying "the whole purpose of strategic planning is to build a set of targets and rules so that everyone in the organization will know where the company is going, why, how it is going to get there, and participate in the collective effort to reach those targets".

Most leaders of organizations and business are often so preoccupied with immediate issues that they lose sight of their ultimate objectives. That's why *review and-preparation of a strategic plan* is a virtual necessity. A sound plan should serve as a framework for decisions or for securing support/approval for the organizations activities. The organisation strategic plan provides a basis for more detailed planning as the time passes on. It is through sound planning that other stakeholders are informed about the business and through involvement in the process they are motivated. Any sound plan would be a building block and a stimulus for change for next plan. It is also a basis for benchmarking and performance monitoring.

Strategic planning is only useful if it supports *strategic thinking* and leads to strategic management which is the basis for an effective organisation. Strategic thinking means asking, "Are we doing the right thing?" Perhaps, more precisely, it means making that assessment using three key requirements about strategic thinking: a definite purpose in mind; an understanding of the environment, particularly of the forces that affect or impede the fulfillment of that purpose; and creativity in developing effective responses to those forces. It follows, then, that strategic management is the

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application of strategic thinking to the job of leading an organization and strategic planning is a management tool.

As with any management tool, it is used for one purpose only: to help an organization do a better job - to focus its energy, to ensure that members of the organisation are working toward the same goals, to assess and adjust the organisation's direction in response to a changing environment. In short, strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future.

Strategic Planning differences for Profit and Nonprofit organizations

Administrators and directors of non-profit organizations face most of the same challenges and problems that confront their counterparts in profit making organizations. And while there are certain concepts of administration that are fairly universal in nature, they have to be applied sensitively to the unique situations facing every NGO (Hay, 1990). NGOs managers that can transform a hit-or-miss approach into a professional method for achieving professional results within the context of each NGO's own unique environment, strengths and weaknesses, and managerial philosophy.

Major differences in how organizations carry out the *various steps and associated activities* in the strategic planning process are more a matter of the *size* of the organization, than it's for profit or nonprofit status. Small nonprofits and small for-profits tend to conduct somewhat similar planning activities that are different from those conducted in large organizations. On the other hand, large nonprofits and large for-profits tend to conduct somewhat similar planning activities that are different from those conducted in small organizations.
(http://www.yournxstep.com/docs/B3 Strategic%20Positioning.pdf)

In addition to the size of the organization, any differences in how organizations carry out the planning activities are more a matter of the *nature of the participants* in the organization than its for-profit/nonprofit status. For example, detail-oriented people may prefer a linear, top-down, general-to-specific approach to planning. On the other

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hand, rather artistic and highly reflective people may favor of a highly divergent and "organic" approach to planning.

However the *focus* of the planning activities is often different between for-profits and nonprofits. Nonprofits tend to focus more on matters of board development, fundraising and volunteer management. For-profits tend to focus more on activities to maximize profit.

Who should be involved in the Strategic Planning?

The issue of who to involve in the strategic planning process is important as involved people are more open and receptive. So an effective way to deal with staff resistance is to involve them in the plan process. It follows therefore for any strategy to work more than management needs to be involved.

As a management tool Strategic planning should be conducted by a planning team. The chief executive and board chair should be included in the planning group, and should drive development and implementation of the plan. Organization should consider having the administrator record the major steps in the planning process to help the organization conduct its own planning when the plan is next updated. The organization should also consider the fact that different types of members may be needed more at different times in the planning process, for example, strong board involvement in determining the organization's strategic direction (mission, vision, and values), and then more staff involvement in determining the organization's strategic analysis to determine its current issues and goals, and then primarily the staff to determine the strategies needed to address the issues and meet the goals (http://www.yournxstep.com/docs/B3 Strategic%20Positioning.pdf). In general, where there's any doubt about whether a certain someone should be involved in planning, it's best to involve them. It's worse to exclude someone useful than it is to have one or two extra people in planning. This is true in particular with organizations where board members often do not have extensive expertise about the organization and its products or services. In which case therefore, an organization may be better off to involve board and staff planners as much as possible in all phases of planning. Mixing the board and staff during planning helps board members understand the day-

to-day issues of the organization, and helps the staff to understand the top-level issues of the organization

2.7.3 The Strategic Planning Process

The process is strategic because it involves preparing the best way to respond to the circumstances of the organization's environment, whether or not its circumstances are known in advance. Organizations often must respond to dynamic and even hostile environments (Robinson, 2003). Being strategic, then, means being clearer about the organization's objectives, being aware of the organization's resources, and incorporating both into being consciously responsive to a dynamic environment. Planning process involves intentionally setting goals (i.e., choosing a desired future) and developing an approach to achieving those goals. The strategic process is disciplined as it calls for a certain order and pattern to keep it focused and productive. The process raises a sequence of questions that helps planners examine experience, test assumptions, gather and incorporate information about the present, and anticipate the environment in which the organization will be working in the future. It is about fundamental decisions and actions because choices must be made in order to answer the sequence of questions mentioned above.

The plan is ultimately no more, and no less, than a set of decisions about what to do, why to do it, and how to do it. Because it is impossible to do everything that needs to be done in this world, strategic planning implies that some organizational decisions and actions are more important than others - and that much of the strategy lies in making the tough decisions about what is most important to achieving organizational success. The strategic planning can be complex, challenging, and even messy, but it is always defined by the basic idea of organization reason to exist and therefore strategic decision that comes out of the planning process should inform the organizations mission and reflects the organization culture and values that underpin the identity of overall organization (Hastings, 1996).

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The Mission, Values and Identity

The concept of mission has become increasingly fashionable in discussions of strategy. Indeed, some analysts go as far as asserting that a good 'mission statement' can provide an actual worthwhile alternative to the whole task of corporate planning. The definition of a firm's strategic *mission* encapsulated in the mission statement can be thought of as the first stage of the strategy process. Management guru Peter Drucker (1974) the source of much contemporary thinking about the business mission, argues that asking the question 'What is our business?' is the same as asking the question 'What is our mission?' A business is defined by its mission. Only a clear definition of the mission of the organization makes possible clear and realistic business objectives, because the mission defines the purpose of the firm in terms of its enduring sense of its reason for being. The mission defines the long-term vision of the organization in terms of what it wants to be and whom it wants to serve. A firm's mission should be clear and concise and distinguish it from any other firm. The mission statement has to be backed up with specific objectives and strategies. These objectives and strategies are far more likely to be acted upon when there is a clear sense of mission informing action. In general terms, a good mission statement addresses;

- ↓ The purpose of the organization. A statement of the principal activities of a business or organization;
- ↓ Its principal business aims – its mission as regards the position it aims to achieve in its chosen business;
- ↓ The key beliefs and values of the company;
- ↓ Definitions of who are the major stakeholders in the business;
- ↓ The guiding principles that define the code of conduct that tells employees how to behave.

Drucker (1974) illustrates the importance of a sense of mission with his story of three people working on a building site. All three were doing the same job but when asked what their job was gave very different answers. One answered, 'Breaking rocks,' another answered, 'Earning a living,' the third answered, 'Helping to build a cathedral.' There are no prizes for deciding who was most committed to his/her task

and who would be most motivated to perform to the best of his/her ability. Drucker (1974) highlights the need to link a sense of mission with clear, achievable objectives.

Mission and values are increasingly recognized as reflecting the identity of an organization – its central, enduring and distinctive character, and that which makes it unique. There is evidence that those organizations that do survive and prosper over the longer term do have a *clear sense of identity* (Drucker, 1974). These organizations are skilful enough to know when an existing identity needs to change as a result of major changes in the environment. The organization is informed through strategically reviewing of organization plans in a continuous manner such that changes in the environment are highlighted and dealt with strategically. This leaves top management with two main tasks in relation to mission:

1. The intellectual task of defining purpose, developing strategies and values that reinforce each other and identifying the standards and behaviour that are the expression of the mission.

2. A communication and management task of making the sense of mission come alive in the organization.

Organization mission and core values.

The organization has a *vision* of organizations which are substantially more effective in contributing to a vibrant Civil Society, and/or sustainable development. Therefore the organization *mission* is to strengthen the capacity of organizations and individuals through organization development (OD) interventions, training and knowledge sharing.

The organization values creativity, innovation and recognizes that team spirit are the driving force for organisational effectiveness as well as individual learning, growth and development. According to the organisation website the organisation believes in a potential within every individual that can be utilized and developed. It value diversity of thinking and respect for all no matter how diverse. Furthermore the organization work with client's, colleagues and partners is guided by OD ethics and conducted with utmost integrity (www.tracetz.com).

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In 2005 the organization developed broad indicators to evaluate the success of its mission. According to the organization capability statement report this mission will be realized when clients;

- Have ability to design and manage their change process.
- Have enhanced learning ability.
- Have leadership that is more focused, visionary, facilitative, accountable and shared.
- Have enhanced ability to identify the needs of their target group, plan, implement and monitor and evaluate in a result-oriented manner.
- Are more accountable and transparent.
- Are more financially sustainable.

Organization social obligation and principles

The organization, being an NGO itself has a longer-term interest and ambition of building an everlasting working relationship with other NGO client organizations. This relationship is aimed at; supporting these organizations in taking their own decision to design and implement a change and transformation process, enabling organizations to see what they are challenged with and creatively come up with choices and solutions to address the challenges, promoting learning in both the client organization and in the organization (www.tracetz.com).

The organisation is more of a service NGO with a focus on a social and developmental dimension rather than a consulting firm that focuses on the commercial profit making. The organization;

- is working with a number of grassroots organizations, which are resource constrained and need interventions, which are subsidized.
- has a number of practitioners with adequate practical grassroots experience who have identified themselves with the not-for-profit sharing sector and are excited about change and development at the grassroots level.
- interventions involve relevant stakeholders in the process because participation increases the effectiveness of most change and development.

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- interventions seek to leave the client organisation more capable to meet its own developmental needs, well positioned to address challenges and take opportunities as they come, able to analyze the context of its work; the conditions of their beneficiaries; and articulating these in its purpose and strategies (www.tracetz.com).

2.8 Strategic Analysis

A frequent complaint about strategic plans is that they are merely "to-do" lists of what to accomplish over the next few years. Others complain that strategic planning never seems to come in handy when the organization is faced with having to make a difficult, major decision. Other complains that strategic planning really doesn't help the organization face the future because the working environment is unstable and therefore unpredictable. These complaints arise because organizations fail to conduct a thorough strategic analysis as part of their strategic planning process. Instead, planners/managers decide to plan only from what they know now. This makes the planning process much less strategic and a lot more guesswork.

2.8.1 Strategic analysis process

Strategic analysis is the heart of the strategic planning process and should not be ignored. Proactive organizations managers scan their environment and the potential for change within their own organization and decide if they are to carry on doing what they are doing and what they are good at as the best way to face the future. In a less active, and far less satisfactory, way they can proceed on the basis of tradition and leave things as they were. This means eventually the organization will become stagnant and un-touch with the today's world challenges reality.

Management may decide that change is necessary, in which case they may scan their environment and decide that there are major changes occurring in their *external* environment to which they have to adapt. Or they might decide, through *internal analysis*, that they have the ability to develop a new way of doing things that will redefine the nature of the business they are in. If change is decided upon

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Environmental (external) analysis and Organizational (internal) analysis need to be conducted.This is the ideal way of proceeding. In practice, managers may adopt only a partial solution and analyse only external or internal factors. However for a change of strategy to work there must be alignment between internal capability and external opportunity. This is described as 'strategic fit' (www.12manage.com/ description_strategic_fit.html). The ideal situation is where there is a fit between the environment, a business need arising out of that environment that is strongly felt by a firm that has the sense of purpose (*mission*) and a management *system* that enables it to respond to this need with a coherent and practicable strategy. The potential to act in this way depends upon managerial judgment, managerial skill to exploit windows of opportunity and management ability to motivate other employees to support and commit themselves to the firm's new strategic objectives.

Holloway (2001) suggests a PEST analysis (political, economic, social and technological) and SWOT analysis (strength, weaknesses, opportunities, threats) exercise to be done by any organization that is serious about a move towards financial self reliance. The PEST analysis according to Holloway will help organization to systematically think through what aspects of the society will be helpful in a move towards financial self reliance. On the other hand the SWOT analysis will help the organization to think through what aspects of its external and internal environment will help or hinder organization move towards financial self reliance.

2.8.1.1   External - Environment Analysis

Most proponents of the strategic management literature agree to the analysis of the environment and they all in different ways basically segment the process into four interactive elements. These elements have been discussed above in the discussion of the environmental context where the organization operates and further in the analyses of the organization as a civil society organization and the mission of its existence. To recap the issues they are listed below in short.

1. There is the issue of the firm's *general environment* the broad environment comprising a mix of general factors such as social and political issues,

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economic issues, technological issues and trends, Pearce and Robinson (2003), Thompson and Strickland (2001), Porter (996).

2. Then there is the firm's *operating environment*. This is analysis of more specific industry/business environment. What kind of industry is the firm competing in? What 'forces' make up its 'industry structure'? Pearce & Robinson (2003), Porter (1996).

3. Having examined its business environment, the issue then arises: how is the firm to compete in its industry? What is to be the unique source of its *competitive positioning* that will give it an edge over its competitors? Will it go for a broad market position, competing on a variety of fronts, or will it look for niches? Will it compete on the basis of cost or on the basis of added value, differentiating its products and charging a premium? What is the range of *options* that managers have to choose from? How are they to prioritize between these options? Johnson and Scholes (1999), Thompson and Strickland (2001), Hitt et al (2003), Porter (1996).

4. Does the company have strategic vision, a strong sense of mission, a 'reason for being' that distinguishes it from others? If change is necessary, what is to be the firm's *direction for development*? Having identified the major forces affecting its environment how is the firm to approach the future? Proctor (1997), Porter (1996), Bateman and Snell (2004).

2.8.1.2 Internal - Organizational Analysis

Although strategic management scholars might not set the internal analysis in quite the same way, coincidentally an organizational analysis could also be thought of as fourfold.

1. How the firm is organized? What is the *structure* of the organization, who reports to whom, how are the tasks defined, divided and integrated? Johnson and Scholes (1999), Trim (2003). How do the management systems work, the processes that determine how the organization gets things done from day to

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day for example, information systems, capital budgeting systems, performance measurement systems, quality systems as well as the value chain (Porter, 1996).

2. What organizational members believe in? What are they trying to achieve and what motivates them, what do they *value*? Pearce & Robinson (2003), Porter (1996).

3. The *culture* of the organization. What are the basic beliefs of organizational members? Do they have a shared set of beliefs about how to proceed, about where they are going, about how they should behave? the basic values, assumptions and ideologies (systems of belief) which guide and fashion behavior in organizations have a crucial role to play in business success or failure Porter (1996), Noy (2001).

4. *Resources* the organisation has at its disposal. The organisation capital, technology, and people (Drucker 1974). Management's role is to try to 'fit' the analysis of externalities and internalities, to balance the organization's *strengths and weaknesses* in the light of environmental *opportunities and threats* (Pearce and Robinson 2003).

2.8.2   Tools for analysis and planning

A number of analytical tools have been developed to assist organizations with the planning process and most concerns the business firm looking to profit as the source of its survival. However, much of that can be applied to the public-sector organization or the not-for-profit organisation. Similar principles of internal and external analysis apply because strategic management involves decisions concerning what an organization might do, given the opportunities in its environment; what it can do, given the resources at its disposal; what it wants to do, given the personal values and aspirations of key decision makers; and what it should do, given the ethical and legal context in which it is operating. A firm needs a well defined sense of where it is going in the future and a firm concept of the business it is in. Many nonprofit organisations

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have adapted these tools, modifying the questions and criteria to align with their own specific services and markets. The following are analytical tools frequently used by nonprofit organizations.

1. SWOT Analysis

SWOT analysis is a methodology of examining potential strategies derived from the synthesis of organizational strengths, weaknesses, opportunities and threats (SWOT). The partnering of the different elements and the extensive data collected as a result of the analysis can serve as a spark for roundtable discussions and refinement of current strategies or generation of new strategies. SWOT analysis will help organization systematically to think through what aspect of the organization internal and external environment will help or hinder a move towards a financial self reliance (Holloway, 2002).

2. Resource Based View (RBV)

In conducting a meaningful internal analysis a managers is faced with a task to identify their firm's resources and have a further challenge to determine which of those resources represent strength or weaknesses (Pearce and Robinson, 2003). This method can be applied by Non Profit to identify resources that the organization have that amount to their strength in the survival quest or that are a weakness and might work against the planned strategy. The RBV tool help determine what constitutes a valuable asset, capability, or competence.

3. Value Chain Analysis (VCA)

This tool attempts to understand how business creates customer value by examining the contribution of different activities within the business to that value (Porter, 1985). It follows up the added value to the product from inception to the end user and the cost associated with the involved activities to determine where low cost advantages or cost disadvantages exists. Non Profit could apply this tool to check the effectiveness of its services and ensure the effectiveness of their services to the final user of its services. This means having clear connection between activities that are necessary to serving a customer.

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4. PEST Analysis

The analysis will pinpoint the threats and opportunities in the organization environment. This analysis will help an organization systematically to think through what aspect of the society will be helpful in a move to financial self reliance. This tool involves the organization scan of its operating environment to look for the factors that will help or hinder its move to sustainability (Fleisher and Bensoussan, 2003). The threats will be avoided or dealt with in the process and the opportunities exploited for the betterment of the organization.

5. Macmillan Matrix

This strategy grid is specifically designed to assist nonprofit organizations to formulate organizational strategies (http:// www.allianceonline. org/ FAQ /strategic planning/how_can_we_do_competitive.faq). There are three assumptions underlying this approach:

i. The need for resources is essentially competitive

ii. All agencies wanting to survive must acknowledge this dynamic given that resources are scarce.

iii. There is no room for direct duplication of services to a single constituency.

The wasteful and inefficient mediocre or low quality service to a large client population is less preferable to delivering higher quality services to a more focused population. These assumptions have implications that are difficult and painful for many organizations and individuals. It might mean *terminating some programs to improve core services* and competencies, giving programs and clients to more efficient, effective agencies, or competing aggressively with those programs that are less effective or efficient.

Macmillan's matrix examines four program dimensions that guide placement on the strategy grid and indicate implied strategies.

i. *Alignment with Mission Statement:* Services or programs that are not in alignment with the organizational mission, unable to draw on existing organizational skills or

knowledge, unable to share resources, and/or unable to coordinate activities across programs should be divested.

ii. *Competitive Position:* Competitive position addresses the degree to which the organization has a stronger capability and potential to fund the program and serve the client base than the competitive agencies.

iii. *Program Attractiveness:* Program attractiveness is the complexity associated with managing a program. Programs that have low client resistance, a growing client base, easy exit barriers, and stable financial resources are considered simple or "easy to administer." Program attractiveness is the degree to which a program is attractive to the organization from an economic perspective, as an investment of current and future resources (i.e., whether the program easily attracts resources). Any program that does not have high congruence with the organization's purpose should be classified as unattractive. No program should be classified as highly attractive unless it is ranked as attractive on a substantial majority of the criteria below:

- high appeal to groups capable of providing current and future support

- stable funding

- market demand from a large client base

- appeal to volunteers

- measurable, reportable program results

- able to discontinue with relative ease, if necessary (i.e., low exit barriers)

- low client resistance to program services

- intended to promote the self-sufficiency or self-rehabilitation of client base

iv. *Alternative Coverage:* Alternative coverage is the extent to which similar services are provided. If there are no other large, or very few small, comparable programs being provided in the same region, the program is classified as "low coverage." Otherwise, the coverage is "high."

Macmillan Matrix place programs that have been reviewed in terms of these four dimensions, assign a strategy that directs the future of the program(s). The strategy can be aggressive competition, Aggressive Growth, Aggressive Disinvestment, Build

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Strength or Get Out, Build up the Best Competitor, Soul of the agency, Foreign Aid or joint venture, Aggressive Disinvestment or Orderly divestment. (http:// www.allianceonline. org/ FAQ /strategic planning/how_can_we_do_competitive.faq)

6. Stakeholder Analysis

A concept that bridges internal and external analyses is that of *stakeholders*, the key groups whose legitimate interests have to be borne in mind when taking strategic decisions. These can be internal groups, such as managers themselves and employees, or the owners of the firm, shareholders. They can also be external groups: the stock market if it is a quoted company, banks, consumers, the government.

Senior management's task is to try and align the various interest groups in arriving at its *chosen strategy* in the light of the creation of an appropriate *strategic vision* for the organization. Increasingly important here is the issue of organizational responsibility, how the organization defines and acts upon its sense of responsibility to its stakeholders. The broad responsibility to society at large is important herein. Sometimes the various interest groups may be at odds with each other and management will have to perform a delicate political balancing act between them (Fleisher and Bensoussan, 2003). It is a matter of utmost important for the organization to communicate to its stakeholder about the importance of the new strategy or change and work on resolving concerns that they may have. For the organization to move forward convincingly with the new strategy to mobilize resources, the people at all levels including governing body, senior and junior staff, and volunteers must be convinced of need and viability of the strategy. In other words the strategy must be acceptable. It may happen that some members of the organization would not accept the new strategies especially where it involves raising funds by working with corporate sector or using typically business ideas in the projects that organization runs.

2.9 Strategy Implementation

Having chosen a strategy, there is the issue of implementation. A strategic choice is made after screening several options and short term objectives identified. The responsibility for action is passed to the functional department to implement the strategy but before this happens, management need to ensure there are policies in

place that empowers action, organizational structure is strategic fit, leadership is appropriate according to the organization lifecycle and culture support the strategy in progress.

Very few schemes go totally (or even approximately) according to plan. The business environment changes and new issues emerge. Some demand to be taken on board so that in many, perhaps the majority, of cases emergent strategy asserts itself to the extent that the *realized strategy* differs markedly from the chosen/planned strategy. In time, the realized strategy becomes a part of the firm's strategic history . . . and the strategy process continues.

2.10 The organization Strategic Plan Document 2004-2006

Staff some board members and clients had a one week workshop to strategically reflect on the organization. According to the workshop report the basic direction for the coming years was agreed after an internal analysis and environment scan of the organization and a careful reflection on its values. The vision and mission were confirmed and strategic objectives were reviewed. The same strategic plan was reviewed in the beginning of the 2005 to take into account the new development of the organization decision to develop a Business Plan. The Business Plan idea was suggested by the consultancy firm that was deployed to review organization Financial Management as part of OD. The details of which will be discussed in the following sections (refer to Financial Management as part of OD report).

The organization emphasized its wish to contribute to the poverty alleviation struggle and development of the country. It works with organizations that address issues of poverty, human rights and just and sustainable development in general. Its vision as already mentioned before is of organizations that are substantially more effective in contributing to a vibrant civil society and sustainable development. To sharpen its identity as an NGO with social purpose and ensure stability at the same time the organization is planning to develop itself into a hybrid organization; an organization that has a social and transformative function, financed by grants from development partners and generation of funds surplus from services sold to clients. To contribute to

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the sustainability goal, the organization has a strategy of providing its services for a fee (refer to financial strategy document 2004-2006) so as to also ensure continuity of the programmes, quality of the services offered as well as market conformity for the need of the services provided by organization.

The review of the strategic plan set out the three main programme objectives that the organisation is planning to achieve. These objectives are part and parcel of the mission of the organization that *informs the financing strategy* of the organization.

+ The first programme objective is to undertake OD Interventions through working with individual organizations, OD promotions and defining a strategy for developing long term relationships with clients.
+ The second programme objective is to design and undertake participatory and need based training programmes. The plan is to conduct 5-10 such training programmes per annum and have 20-25 participants in each.
+ Third programme objective is to share information and knowledge that are relevant to the organisation through organisation website, resource centre and publications.

2.11 Organization Financing Strategy 2004-2006

Since its inception in 2000 the organization has been financed in large part by CORDAID and VECO in small part. It gradually managed to charge a small fee for its services to recoup some of the direct expenses associated with trainings provided. The organization and CORDAID agreement as stated in the finance strategy document, was based on the premise that the organization would gradually grow into self-sustainable organization financially. The contract agreement was to give more money to the organization in the beginning and reduce the amount gradually. From the organization financial reports, the value of the contract in the first year 2000 was US$ 145,720 going down to US$130,597 in 2001, US$82,128 in 2002 and US$45,000 the fourth year, year 2003.

Notwithstanding the financing trend, the organization on the other hand has managed to acquire more and more clients for its training and facilitation services. According to the financial strategy, the organization reputation as a successful service provider is growing. This fact is demonstrated by the growing number of clients and the increase in percentage of self financing. The report claims of the good quality of its work indicated by the increasing number of clients who are ready to pay market rates for the organization services. The sanction of organization services to the market is an important component of the organization accountability mechanism. However the organization is aware of dangers associated with commercialization and for this reason, to protect its unique identity and mandate the organization has decided against the idea of evolving into a completely commercial consultancy. Instead the organization is banking on its reputation and the fact that there are clients who are ready to acquire organization services for a fee to continue as 'a non-profit, for –profit hybrid'. The organization finance strategic plan is set out below:

2.11.1 Financing core costs with a mix of untied funds

Untied funds will be generated through charging fee and through institutional donor grants. The fee income will come from commercial clients and from social transformative work funded by development partners. According to the operational plan the organization's core costs can be divided into the minimum survival overheads and another portion are costs for organizational learning, development and documentation. There is no ideal proportion allocated to each source of mix but the organization is committed to continuous diversification in exploiting all three sources of funding while at the same time softening its commercial orientation. The plan is to access more grants from donors for both institutional support and social projects. For 2004 the minimum costs total of US$ 257,550 will be financed by 55% from net fees from commercial projects, 23%, from net fee from social projects and remaining 22% will be covered by grants from donors. For 2004, the entire learning and development budget will be submitted for donor funding. Having set out the plan that the organisation wishes to implement for its financial strategy, the organisation financial strategy goes on further to document the financial objective cum operational plan for the financing of the organization. The organisation would like to maintain and

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develop the current level of staff and facilities while at the same time consolidating and enhancing quality and professionalism. The strategies to reach the goal are to

- maintain current number of staff and level of salaries,
- maintain quality and quantity of organization facilities.

2.11.2 Enhancing access to donor funded social projects

For the organization, social projects are one source of the planned fundraising strategy. Already a number of proposals have been submitted to donors for funding. It is expected that the organization will manage to increasingly access these social projects in the next few years to come. The organisation has made a plan to commit each facilitator 50 person days out of the total 142 working person day available for a facilitator per year. The budget contains a provision for these days to avoid the temptation of taking an alternative opportunity income from clients who may compete for the time of a trainer/facilitator. The total subsidies required for each activity in stated in the budget for 2004 and more details for each plan and budget are explained in the strategic plan 2004-2006 and plan 2004.

The above two strategies implies that the organisation will have to engage aggressively in fundraising. According to the organisation this will entail donor profiling, submission of proposals, discussions and negotiations.

2.11.3 High quality standards

The strategy to raise funds commercially will not work if the organization does not endeavor to abide to high professional standards and provision of quality services. The goal is to continuously improve the quality of the work and staff learning. The management will ensure organizational support for this strategy in terms of quality control, coaching, regular feedback, learning sessions, in the office week, performance appraisals and motivation. The organization would further like to promote efficiency and preserve integrity by ensuring sufficiency in capacity and authority of human resources for financial management.

For the all of the above principles of financial strategy the organisation would like to ensure that the services conform to the demand and needs of the clients and the market. To achieve this organisation needs to protect its autonomy, by diversifying its source of funding. The strategy is that:

- main part of income from fees from selling a total number of 880 person days per annum to raise a total income of US$ 190,000 from both short term clients and long term donor projects. Part of this income to be set aside to build up reserves.

- institutional support funds to be solicited from VECO, CORDAID and other potential partners.

- to obtain funds to finance learning and development and to cover for any deficit in the budget.

2.11.4 Cost control

The organization is aware of the fact that resources are scarce and need to be used efficiently. Therefore the management is taking measures to promote cost effectiveness throughout the organisation. It will also seek to ensure reasonable and motivating terms of employments, within the framework of NGO values and practice.

In promoting cost efficiency the organisation strategy is to have policies and procedure to protect organizations assets, to ensure staff adherence to the policies and procedures, and to strengthen internal control. The organisation would like to *strengthen its financial sustainability* by having a surplus every year to increase the reserve fund and ensure replacement of fixed assets without donor assistance. The strategies to achieve this are

- diversify and localize source of income.
- maintain limited dependence on the grants aid system.
- emphasise fees earned from work with clients and donors.

A number of critical issues that should be addressed to ensure implementation of the financial strategy were identified. Some of the important issue is the need to write

proposal tp various donors who share the organization vision, in order to increase chances of donor funding for long-term projects and have a plan to manage the organisation-donor relationships by keeping the dialogue going. Another issue is the need to increase marketing for its services and the issue of accessing contracts and projects from government and possibly private sector.

2.12 Strategic Evaluation

Strategy can neither be formulated nor adjusted to changing circumstances without a process of strategy evaluation. Whether performed by an individual, or as part of an organizational review procedure, strategy evaluation, forms an essential step in the process of guiding an enterprise (www.anderson.ucla.edu /faculty /dick.rumelt /Docs /Papers/EVAL2.pdf). For many executives strategy evaluation is simply an appraisal of how well a business performs. Has it grown? Is the profit rate normal? If the answers to these questions are affirmative, it is argued that the firm's strategy must be sound. Despite its unassailable simplicity, this line of reasoning misses the whole point of strategy – that the critical factors determining the quality of current results are often not directly observable or simply measured, and that by the time strategic opportunities or threats do directly affect operating results it may well be too late for an effective response.

Thus strategy evaluation is an attempt to look beyond the obvious facts regarding the short-term health of a business and appraise instead are those more fundamental factors and trends that govern success in the chosen field of endeavor. A strategy is a set of objectives, policies and plans that, taken together, define the scope of the enterprise and its approach to business. Three questions are central to the challenge of strategy evaluation:
1. Are the objectives of the business appropriate?
2. Are the major policies and plans appropriate?
3. Do the results obtained to date confirm or refute critical assumptions on which the strategy rests?

The argument is that for any strategy to succeed it must satisfy four broad criteria of evaluation. The strategy must be:

• *Consistency.* The strategy must not present mutually inconsistent goals and policies.

• *Consonance.* The strategy must represent an adaptive response to the external environment and to the critical changes occurring within it.

• *Advantage.* Strategy must provide for the creation and/or maintenance of a competitive advantage in the selected area of activity.

• *Feasibility.* The strategy must neither overtax available resources nor create insoluble problems.

Johnson and Scholes (1999) developed a framework to evaluate organizational strategy. The framework consists of evaluating *suitability, feasibility and acceptability* of the strategy. The argument behind this design of evaluation is to ensure that the proposed strategy is tested in order for it to have a much greater chance of lasting long and achieving its purpose.

2.13 Sustainability

Of late the term sustainability has been discussed widely in all walks of life and all have defined sustainability. Sustainability is an incredible complex concept, subject to a multitude of interpretations there is some ambiguity over what exactly the term means.

If one takes an organization is a system then sustainability is the ability of the system to perpetuate itself using appropriate strategies (mission), which are predetermined by the governance of the system, who would like to see the system continue until its goals (vision) are fulfilled. It is a concept, which addresses the citizens central concerns and values, looks to the future, strengthens a community's ability to deal with change, develops processes for finding common ground, strives to benefit all members of the community, emphasises citizen involvement, improves accountability, develops a vision for the future, keeps track of the progress, and meets the basic resource needs (www.dinf.ne.jp/doc/english/asia/resource/apdrj/ z13fm0100 / z13fm0109.htm).

For Oster (1995), NGOs sustainability is about enhancing organization effectiveness to achieve sustainable people centered development trough:

+ Sustainable organizational design
+ Competent leadership
+ Appropriate external relationships
+ Mobilization of Finance
+ Measurement of performance

According to Fowler (2000), sustainability is a move, a virtuous spiral between *funds, organization work and effectiveness* in delivering organization mission promises. Fowler argues that for an organization to be sustainable ;

• Organization work must be enduring
• Continuity of funds ensured and
• Organization remains viable at any point in its lifecycle.

2.13.1 Organizational Sustainability

The ability of an organization to indefinitely maintain the quality of its services will partly ensure its survival. The organization must be able to replace technology or introduce new activities that meet the needs of its users (www.dinf.ne.jp/doc/english/asia/resource/apdrj/z13fm010/z13fm0109.htm).

Organization sustainability can be brought about by both financial and non- financial resources. Non financial resources like volunteers could be easily mobilized where organization mission is communicated clearly and the society has seen the value of the work that is being done by the organization (Holloway 2001). This means that the organization work is both of *quality, is relevant and valuable* to the stakeholders who in turn are ready to volunteer for a good cause. Both financial and non financial resources can be raised both internally as well as externally. The organization work mission must be clear and communicated to the potential donor and stakeholders who are in most cases, interested in the value of the work to the society (Fowler 2000). It follows therefore that employees must understand the business and its context so as to be able to express to donors and others what they do and why it matters. This is possible in an organization that strives to build employees capabilities through change

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processes and organizational learning. Sustainability means being dynamic and able to adapt to a change. In order to be sustainable an organization must have clear strategic direction, be able to scan its environment, be able to attract, manage and retain competent staff and have adequate administrative and financial structure as well as being able to demonstrate its effectiveness , its impact and involvement of community in its work so as amongst other things, to leverage further resources (www.civicus.org/new/media/Developing%20a%20Financing%20Strategy.pdf).

2.13.2 Financial sustainability

Financial sustainability of the 'organization' refers to sustainability of the organization's finances to meet the resource needs of its structure and personnel, and sustain the programmes that makes the organization. Financial sustainability is a part and parcel of the `mission' and 'vision' of the whole organization. According to Shapiro toolkit for developing a financing strategy, to be financially sustainable an organization must:

- have more than one source of income;
- have more than one way of generating income;
- do strategic, action and financial planning regularly;
- have adequate financial systems;
- have a good public image;
- be clear about its values; and
- have financial autonomy.

In other words, the organization needs a strategy for financial sustainability. (www.civicus.org/new/media/Developing%20a%20Financing%20Strategy.pdf).

In this age of market economy like other businesses, non profit organizations struggle to improve and become more competitive while at the same time dealing with challenges of funding. It is therefore vital for a non-profit organization to look for new processes and actions/motives that can cause fundamental change in the way the organization raise funds. It is for this reason that modern non-profit organizations need to operate using a "business-like" approach to its strategic planning and fundraising efforts. "Non-Profit" is a tax status, not a way of doing business." (www.thepowerof.com) each program funded by grants and donors needs to have

quantifiable and measurable results or risks losing current and future funding. Just as in every corporate world, organizations must answer to their "shareholders" who are the donors, grantors and clients. Without a *strategy* to create goals and measure the results, the non-profit will fail. Therefore it takes is proper planning, marketing and leadership of the organization to build a legacy for years to come.

2.14 Financing Plan and Financing Strategic Options

As already discussed above, Civil Society Organizations emerge out of initiatives by citizens to mobilize themselves primarily around values that they share. In a business world financing strategy would mean finding financial resource to carry organization activities for profit maximization. In order to maximize profit the stress is on raising least expensive funds to run an organization in a least expensive way. This is so because funding for the profit making business is driven by the market exchange. The government on the other hand has power and legitimacy to impose tax or any other means to raise funds to run social and/ or government obligations. Non Governmental Organization on the other hand as discussed above finance its activities differently. Non Governmental organizations need resources so that they can be effective and sustainable. Their effectiveness are not measured by profit but their ability to respond to the needs of their chosen target groups, who in Tanzanian context are most poor and marginalized communities or groups of people.

Most NGOs in Tanzania are heavily dependent on external financial assistance from foreign donors and in fact, international support constitutes the single largest source of NGO funding in the country. This presents a two-part problem for local NGOs. First, the level of international funding is unstable. Resources for NGOs have been decreasing because many donors have shifted their attention to other priorities (Lee, 1997).

Second, existing international funds in the region often are earmarked for particular projects or for limited project cycles. Donors frequently attach specific limitations on how money can be spent, designating particular issues or themes, or specifying support only for program expenses. This has made it difficult for NGOs to raise

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adequate funds for their ongoing operational expenses. The current donor enthusiasm for project-based funding puts the emphasis on NGO activities rather than on sustaining the organizations themselves.

Whilst the study examine the financing strategy – it will attempt to argue that for NGOs , financial strategy can not be discussed and well implemented in isolation from a well thought out and planned overall organization strategy. Finance is an important part of what sustain this sector but it is not the only important part as discussed in the sustainability section above.

2.14.1 Financial Planning and Fundraising

Successful planning entails strategic evaluation of the present, including the financial choices organization is making now. Financial planning means looking toward the future, specifically at making sure your planned activities will not be failure because of lack of fund. It is important to note that a good financial strategy in isolation without a good overall strategic thinking and planning still does not make sense for NGOs; *the greatest challenge for organizations today is to really spend time preparing the overall strategy then financial strategy.*
(www.civicus.org/new/media/Developing%20a%20Financing%20Strategy.pdf). This basically means that before developing a successful financing strategy,

- ↓ *the organization overall strategic and action plan must be in order,*
- ↓ the organization budget must be clear and
- ↓ there must be an overall internal control mechanism for organization finances.
- ↓ Further, there must be a clear understanding of the values of the organization, values which cannot be compromised by the financing strategy.

In any non governmental organization developing a fundraising plan should be one of the top priorities. Without a fundraising plan, organization may wind up with uncoordinated fundraising, which will result in a loss of donations. New programs, benefits, businesses and nonprofits rarely get off their feet without a plan. Business

plans, marketing plans, staffing plans and fundraising plans are crucial to the development of any business, whether nonprofit or for-profit.

(www.dinf.ne.jp/doc/english/asia/resource/apdrj/ z13fm0100/z13fm0109.htm). Before beginning fundraising efforts one must know how much they want to rise. It doesn't have to be a specific number, but it should be a ballpark figure 'within some amount' and in order to begin the fundraising plan, one should also know how much money is in the budget to execute that fundraising plan. The Board of Directors or the Executive Director should have a fairly specific figure in mind. An effective fundraising plan is specific. The target donors need to be defined and the plan tailored towards those specific people or entities. The fundraising plan will not work unless a decision is made on exactly what type of fundraising will be done and how often. For example, the decision might be to hold three fundraising events, two membership drives, and four issue-oriented appeals and apply for two grants every year. This defines exactly how the organisation will run the fundraising campaign (www.dinf.ne.jp/doc/english/asia/resource/apdrj/ z13fm0100/z13fm0109.htm).

2.14.2 Financing Strategic Options

The first place to start is a review of the current strategic planning to see how funding was included and the weight it was assigned in the overall planning and if there was a clear strategy for funding the organization. Once all the pre-requisites for a successful financing strategy are in place the next step is look at which strategic option for financing is realistic to the organization. Organization need to assess each option in terms of the appropriateness, practicability and the organizational values. (www.civicus.org/new/media/Developing%20a%20Financing%20Strategy.pdf)

Most of organization that are external donor oriented put more effort on the expenditures than revenue because the nature of the funds granted are mostly purposely for a particular project. A proactive organization needs to strategically plan for sustainability by having a view of continuity beyond a particular funded project. Apart from attaining operations efficiency finances are to be effective, spent wisely and raised proactively.

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The most sustainable financing strategy is to diversify income sources (Holloway, 2001). A sustainable approach to NGO financing is one that avoids dependency on any single source of revenue, external or internal. It is difficult to determine a formula for the percentages that need to be derived from various sources in order to support a financially sustainable NGO. However, a balance between externally and internally generated resources is necessary to allow an organization to meet its operating and administrative expenses while maintaining the freedom to determine its program priorities and projects, irrespective of donor preferences.

Resource mobilization ideas/strategies will obviously be embraced differently by different organizations. A gulf separates organizations that are intellectually convinced to strategize on local fundraising efforts and those that are prepared to commit themselves to trying out these efforts practically. Obviously the situation is easier to deal with in the countries where standard of living has increased, poverty has been reduced and donors have consequently pulled out. In these countries strategy for local resource mobilization is more feasible and worth pursuing as the disposable income of both individuals and organizations has improved (Holloway R, 2001).

At (www.civicus.org/new/media/Developing%20a%20Financing%20Strategy.pdf), Janet Shapiro made a list of possible options that an organization can select from. These options in no way exclude any other;

- Donor funding
- Earned income
- Membership fees
- The general public
- Investments
- Careful spending

It is worthwhile to note that an organization can select more than one fundraising option at a time. Holloway, (2001) differentiate Fundraising from Resource Mobilization, terms that are mostly used interchangeably to mean the efforts and strategies that an organization uses to finance itself. He argues that it is more appropriate to use resource mobilization in the planning for financial sustainability because Fundraising suggest that someone else has funds and approaches are needed

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to be devised to access their funds while Resource Mobilization includes non-financial resources accessibility and NGO internal generated resources possibilities.

In this sense he has conceptualized ways to mobilize resources into *3 categories* each of which individual strategies can be developed accordingly.

One *possibility is to capture existing wealth from public and private sources*, individuals, institutions, businesses and even from the governments, what is needed is to persuade them to give it to the organization. However this is what most aid dependent NGO are doing. They are in a situation where in most cases they are unable *to make rules for their own sustainability. What is needed is a relationship with these* donors that is based on mutual respect of each other purposes and interests in other words a true partnership towards a mutual benefit. Existing wealth can be mobilized through local foundations, individuals who are ready to contribute to your cause, government, foreign development agencies, businesses etc.

Another possibility to look at is generation of new wealth by applying market based approaches in one way or another. The worry that businesslike endeavors will take the NGO away from their mission should not be underestimated and therefore the organization should have a clear financial plan that will communicate the objectives for a particular fundraising strategy and clearly state how it will not interfere with the overall organization mission. New wealth can be sourced from production and trade including selling NGO services to those who can afford without interfering organization mission, conversion of debt, operating micro credit programmes, tapping social investment funds, building reserve funds, using the internet and so on.

The third possibility according to Holloway, (2001) is to capitalize on non-financial resources. As discussed under sustainability NGO reputation is very important for this kind of resource to be accessed. Once the organization vision and mission is known and supported locally many people will be prepared to gift time and goods to your organization. Non financial resources can be reached as existing wealth or in a new wealth like for example the easiest type of business philanthropy would be social partnerships with NGOs and a combination of monetary and in-kind donations of items such as used computers. Most companies have a policy of replacing their

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computers after some years. Firms usually give their old computer equipment to their employees for free or attempt to sell it even though the market value is low and additional costs (advertising, tendering process, time and space for storage) are incurred. Other examples of non-financial donations include the provision of free consulting services (by companies that hire paid consultants) or other kind of professional personnel secondment and products supplied by food-processing firms that could be distributed to the needy. Contracts for the implementation of social programs are also possible. The strategy behind business philanthropy could be based on the dissemination of proposals to clients and the organization of income-generating activities, such as brokering services or administering projects. Other non-financial resources could be volunteer time and volunteer skilled labour, experience, and training.

Tanzania Fundraising Realities and Challenges

The situation of fundraising in Tanzania is moderate although regional sources of NGO funding from local and national agencies, private entities and public donations have not yet developed to a level sufficient to meet demand. The poverty, corruption and social problems in Tanzania present major obstacles to local philanthropic development. Therefore, large companies operating in Tanzania are yet to fulfill their social responsibility. Industries and companies have social responsibilities in the areas of operation and production, the environment and other social sectors, such as hospitals and educational institutions. Most foreign companies have formulated their corporate philanthropic strategies, which include making donations to events, giving grants for socially worthwhile projects and so on. This potentially could become one of the strategies for promoting NGO financial sustainability in Tanzania. For corporations there are many creative ways to invest in the community, including partnerships with community-based organizations, employee-volunteer programs, membership on non-profit boards and in kind donations of goods and professional services. The primary means for conducting business philanthropic strategies are public-relations campaigns, liaisons and publications about project implementation. The positive factor for the corporations/business is the tax environment that allows tax exemptions to encourage company donations (www.tanzania.go.tz/pdf/Income Tax Spec

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1.pdf). NGOs needs to develop a business-philanthropy strategy by identifying target companies and promoting the benefits that firms could reap through their participation in NGO work as it is clear that good corporate citizenship is not just about donating money. (http://www.websitemarketingplan.com/small_business/marketingmix.htm).

The negative factor for NGOs fundraising in Tanzania is the increasing number of 'pretender' organizations who call themselves by the name of NGO but whose purpose is different this makes the companies and rest of the citizens wary of helping or associate themselves with just any NGO. According to Holloway (2001), such pretenders are challenging the CSO world and can spoil the reputation of the citizen sector as a whole. There is a tendency to assume that NGO have a lot of money because they are funded by international donors and that NGO operations and usage of funds is not transparent (www.ngowatch.org/articles.php?t0). This kind of thinking increases further the risk for NGO not being able to mobilize any funds internally. The lack of awareness about fund expenses and places to contribute may be another factor that may hinder individual philanthropy in Tanzania. Local resource mobilization will only be possible where the organization vision is such that is supported by the people of its country and its mission is one which actively encourages local stakeholders and their support (Holloway, 2001).

Before preparing a strategy for fundraising, it is worth to be aware of the *realities* that exist in the whole environment of funding. One NGO has developed a useful list of the realities and suggested strategies to use in dealing with these realities (www.ngo café). And one reality is that it is easier to get money for *one* event than for a sustained long-term programme so the strategic move is to develop a comprehensive long-term programme, but to break it into smaller chunk sized bits to seek funding for *each* part, from the same or sometimes different sources. This strategy will help the organization diversify its donor base by having a range of donors who can provide different amounts at different points of a project's implementation.

More and more NGOs are seeking more money from traditional funding sources and it advisable to seek both local as well as overseas donors. Sometimes it is so difficult to find a donor who is willing to finance a specific programme or project. Organisation should try in other places. Sometimes a local businessman or company

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may be willing to help - only if and when asked. Seek funding from 'non-traditional' sources that may exist in your own backyard.

A diversified fund-raising programme is very important as many donors are providing much less money than required, or simply do not have enough. A person walking on the street in your town may provide only small change that he currently has in his pocket. But a more 'distant' person or organization may provide more funding (www.ngo café).

There are many conditions and terms imposed on funds provided by most donors that may restrict its use so the strategic move is to understand the *need* for these conditions/terms by looking at it from the donors' perspective; ensure that you have communicated your needs very clearly - the who, how, why and when; try to find a middle ground in negotiating with the donor to satisfy their needs without sacrificing your own (Holloway, 2001).

The reality of misdeeds and fraud by some NGOs taint the sector as a whole, creating mistrust and misunderstanding so the organization has to develop clear professionalism among the staff members and always be willing to provide information on the NGO's goals and objectives, as well as programmes. It may help to get a third party organization to write about the organizations programmes and projects. Keep good relations with the media, and cultivate spokespersons among the staff members.

Because it takes so much time and money itself to find secure funding all staff members of an NGO should spend part of their time in fund raising - each catering to different aspects of the process - writing proposals, finding and networking with donors, negotiating, writing reports etc. All these activities need skills and knowledge to be effective and successful - which most NGOs do not have. Creating NGO Networks, NGO service centers, information kiosks etc. might help in pooling and developing the knowledge and skills much needed by NGOs for this purpose.

Try to find the differences and uniqueness of your own programme/projects to combat competition with other NGOs in seeking funds. Communicate a new approach that

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organization has used. Usually, each NGO services a different aspect or a different community - with rare overlap. Develop a 'bigger picture' with other NGOs that illustrates comprehensive and diverse package of services and projects. Where possible, bring together a coalition of partners - of other NGOS, universities, research institutions, etc. who contribute different expertise and knowledge, and larger target areas and beneficiary communities to tap funds from donors based in high-income, OECD countries who cannot, and will not, provide funds to smaller NGOs.

In the end organization should try to put itself in the shoes of the donor. Why should the donor give your NGO funds? Do you have a good programme that is unique, different and creative? Have you leveraged local resource to supplement and enhance the funds you seek? Do you have good staff members and volunteer expertise to implement the programme? Is your target community well identified and defined? Why do you need to work with them? What gap are you filling?

Strategic plan for fundraising may require some changes in structure and management of the organization especially if it has been dependent previously on a foreign funding only. Depending on the size and nature of the work the organization do the organization may require new sections, departments, skills, staff and even a *new vision and mission* (Holloway, 2001). To effectively work towards this new strategy in most cases there will be a need to build new capacity in the organization the capacity that will support these new developments. Planning for fundraising is a radical move that require the organization to re-examine many organizational concepts and to include in its strategic review some attention to the benefit of the various ways to mobilize resources.

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CHAPTER THREE

3 Research Methodology

3.1 Introduction and Nature of the study

The study uses a case study approach and is qualitative in nature. A case study involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence.

Case study is an ideal methodology when a holistic, in-depth investigation is needed. Case studies have been used in varied investigations, scholars who have wide experience in this methodology have developed robust procedures. When these procedures are followed, the researcher will be following methods as well developed and tested as any in the scientific field. Whether the study is experimental or quasi-experimental, the data collection and analysis methods are known to hide some details (Stake, 1995). Case studies, on the other hand, are designed to bring out the details from the viewpoint of the participants by using multiple sources of data.

Case studies can be *Exploratory*, *Explanatory*, and *Descriptive* (Yin, 1993). Stake (1995) included three others: *Intrinsic* - when the researcher has an interest in the case; *Instrumental* - when the case is used to understand more than what is obvious to the observer; *Collective* - when a group of cases is studied. Exploratory cases are sometimes considered as a prelude to social research. Explanatory case studies may be used for doing causal investigations. Descriptive cases require a descriptive theory to be developed before starting the project. In all of the above types of case studies, there can be single-case or multiple-case applications.

Case study research is *not sampling research*; that is a fact asserted by all the major researchers in the field, including Yin, Stake, Feagin and others. However, selecting cases must be done so as to maximize what can be learned in the *period of time available* for the study. The unit of analysis is a critical factor in the case study. It is typically a system of action rather than an individual or group of individuals. Case studies *tend to be selective*, focusing on one or two issues that are fundamental to understanding the system being examined (http://www.nova.edu/ssss).

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Case study researcher considers not just the voice and perspective of the actors, but also of the relevant groups of actors and the interaction between them. Therefore the study usually involves multi-perspective analyses, a salient point in the characteristic that case studies possess. They give a voice to the powerless and voiceless (ibid).

Case study is known as a triangulated research strategy. Feagin, Orum, & Sjoberg, (1991) asserted that triangulation can occur with data, investigators, theories, and even methodologies.

The need for triangulation arises from the ethical need to confirm the validity of the processes. The protocols that are used to ensure accuracy and alternative explanations are called triangulation as stated in Stake (1995). In case studies, this could be done by using multiple sources of data. The problem in case studies is to establish meaning rather than location (Yin, 1984)

Denzine (cited in Tellis. W, 1997) identified four types of triangulation: *Data source triangulation*, when the researcher looks for the data to remain the same in different contexts; *Investigator triangulation*, when several investigators examine the same phenomenon; *Theory triangulation*, when investigators with different view points interpret the same results; and *Methodological triangulation*, when one approach is followed by another, to increase confidence in the interpretation.

The issue of generalization has appeared in the literature with regularity. It is a frequent criticism of case study research that the results are not widely applicable in real life. Yin in particular refuted that criticism by presenting a well constructed explanation of the difference between analytic generalization and statistical generalization: "In analytic generalization, previously developed theory is used as a template against which to compare the empirical results of the case study" (Yin, 1984). The inappropriate manner of generalizing assumes that some *sample* of cases has been drawn from a larger universe of cases. Thus the incorrect terminology such as "small sample" arises, as though a single-case study were a single respondent.

Stake (1995) argued for another approach centered on a more intuitive, empirically-grounded generalization. He termed it "naturalistic" generalization. His argument was based on the harmonious relationship between the reader's experiences and the case

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study itself. He expected that the data generated by case studies would often resonate experientially with a broad cross section of readers, thereby facilitating a greater understanding of the phenomenon.

Yin (cited in Tellis. W, 1997) presented at least four applications for a case study model:

1. To explain complex causal links in real-life interventions
2. To describe the real-life context in which the intervention has occurred
3. To describe the intervention itself
4. To explore those situations in which the intervention being evaluated has no clear set of outcomes.

This study only report on the above two, three and four by conducting an in-depth study of a single organization using the case methodology. This study attempt to evaluate the feasibility, acceptability, and suitability of the present financing strategy in the organization after which there will be a conclusion for developing a funding strategy.

Single cases may be used to confirm or challenge a theory, or to represent a unique or extreme case (Yin, 1994). Single-case studies are also ideal for revelatory cases where an observer may have access to a phenomenon that was previously inaccessible. These studies can be holistic or embedded the latter occurring when the same case study involves more than one unit of analysis. Multiple-case studies follow replication logic. This is not to be confused with sampling logic, where a selection is made out of a population, for inclusion in the study. This type of sample selection is improper in a case study. Each individual case study consists of a "whole" study, in which facts are gathered from various sources and conclusions drawn on those facts (ibid).

As in all research, consideration must be given to construct validity, internal validity, external validity, and reliability. *Construct validity* can be established using the single-case exploratory design, and *internal validity* using the single-case explanatory design. Yin (1994) suggested using multiple sources of evidence as the way to ensure construct validity. This study used multiple sources of evidence; interviews and documents. The specification of the unit of analysis also provides the *internal validity*

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as the theories are developed and data collection and analysis test those theories. External validity is more difficult to attain in a single-case study. Yin (1994) provided the assertion that external validity could be achieved from theoretical relationships and from these generalizations could be made. It is the development of a formal case study protocol that provides the reliability that is required of all research.

Yin (1994) listed six sources of evidence for data collection in the case study protocol: documentation, archival records, interviews, direct observation, participant observation, and physical artifacts. Not all need be used in every case study (ibid). In this study, only documentation, archival records and interviews are used since they are related to direct sociological investigation.

3.2 Research Design

The importance of establishing a design in which to conduct the research can not be over-emphasized. This may include a research strategy, data collection methods and data analysis. Research design techniques that will be applied include a comprehensive and in-depth interviews as well as secondary data analyses. Yin (1994) recommends four stages to undertake the case study research. These are as follows;

1. Design the case study protocol:

   - determine the required skills

   - develop the protocol

2. Conduct the case study:

   - prepare for data collection

   - conduct interviews

3. Analyze case study evidence:

   - analytic strategy

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4. Develop conclusions, recommendations, and implications based on the evidence.

This study borrows ideas from the protocol applied in a case study by Tellis. W (1997) and recommendations by Yin (1994) but adjusted to fits the current study circumstances.

The following sections expand on each of the stages listed above, in the order in which they are executed in this study. Each section begins with the procedures recommended in the literature, followed by the application of the recommended procedure in this study.

3.2.1 Determine the Required Skills

Recommended Procedures

Yin (1994) suggested that the researcher must possess or acquire the skill and ability to ask good questions and to interpret the responses, be a good listener, be adaptive and flexible so as to react to various situations, have a firm grasp of issues being studied, and be unbiased by preconceived notion.

Application of Recommended Procedures

This researcher has had more than six years of experience in working with NGOs administration and finances and has a formal training in finance and of research methods.

3.2.2 Develop the protocol

The researcher drafts a protocol following extensive relevant readings on the topic which would help in developing the draft questions.

Some of the early criticism of the case study as a research methodology was that it was unscientific in nature, and because replication was not possible. Yin (1994) reminded the researcher that there is more to a protocol than the instrument. He asserted that the development of the rules and procedures contained in the protocol enhance the reliability of case study research. While it is desirable to have a protocol

for all studies, Yin (1994) stated that it is essential in a multiple-case study. The protocol should include the following sections:

- **An overview of the case study project** - this will include project objectives, case study issues, and presentations about the topic under study
- **Field procedures** - reminders about procedures, credentials for access to data sources, location of those sources
- **Case study questions** - the questions that the investigator must keep in mind during data collection
- **A guide for the case study report** - the outline and format for the report.

The discipline imposed on the investigator by the protocol is important to the overall progress and reliability of the study. It helps keep the investigator's focus on the main tasks and goals, while the process of development brings out problems that would only be faced during the actual investigation. The overview of the project is a useful way to communicate with the investigator, while the field procedures are indispensable during data collection. The case study questions are those under study, not those contained in the survey instrument. Each question should also have a list of probable sources.

The guide for the case study report is often omitted from case study plans, since investigators view the reporting phase as being far in the future. Yin (1994) proposed that the report be planned at the start. Case studies do not have a widely accepted reporting format - hence the experience of the investigator is a key factor. The reason for the absence of a fixed reporting format is that each case study is unique. The data collection, research questions and indeed the unit of analysis cannot be placed into a fixed mold as in experimental research (ibid)

Application of Recommended Procedures

Yin (1984) presented three conditions for the design of case studies:

a) the type of research question posed,

b) the extent of control an investigator has over actual behavioral events, and

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c) the degree of focus on contemporary events.

Searching questions

In exploratory study researcher uses questions that lead the participants to tell more about the researcher area of interest. The researcher may use closed questions to ask for specific details and open questions to encourage the participant to ramble (http://www.smallschoolsproject.org /PDFS/questions_2003.pdf). Who, When, What, Where, Why, and How are all probing questions that can help you dig down into further detail.

A *closed question* can be answered with either a single word or a short phrase and have the following characteristics:

- They give you *facts*.
- They are easy to answer.
- They are quick to answer.
- They keep control of the conversation with the questioner

Open questions begin with such as: what, why, how, describe. Although any question can receive a long answer, open questions deliberately seek longer answers, and are the opposite of closed questions.

In this study, there are several "what" questions. This type of research question justifies an exploratory study. Examples of such questions include:

1. What are your overall impressions of the organisation as a capacity building NGO in Tanzania?
2. What would you see as their overall strengths?
3. What would you see as their overall weaknesses?
4. What are the organizations strengths and weaknesses
5. What strategic issues does the company face?
6. What values are stated in your organisation?
7. What values does the organisation portray in its work with clients?

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The existence of several "how" questions in the questionnaires makes the study explanatory as well, which is not uncommon (Yin, 1994). Examples of such questions include:

1. How well is the present strategy working?

2. How does the organization ensure it stays in touch with what is happening in the context of its work in general?

3. How does the organization ensure that she stays in touch with what is happening in the context of its clients in particular?

4. How does the organization assess the needs of the clients?

5. How does the organization collect information from the environment?

6. How is the information used to influence programme decisions

When interviewing a participant, one may want at times to get into deeper detail about some particular issue or problem. The use of probing questions will serve that goal. For example the other person may have indicated that they cannot make a decision today. This could be because they have an objection or simply that there is more information for a researcher to discover, such as the process by which they make decisions.

Probing Questions are intended to help the participant think more deeply about the issue at hand. If a probing question doesn't have that effect, it is either a clarifying question or a recommendation with an upward inflection at the end. The participant often doesn't have a ready answer to a genuine probing question. (http://www.smallschoolsproject.org/PDFS/questions_2003.pdf)

Some of the probing questions that have been used in this study are:

1. Do you think there is a need to have a clear funding strategy?

2. Do you think it should be shared by all in the organization?

3. To what extent does it help the organization to finance its work?

The researcher had no control over the behavioral events, which is a characteristic of case studies.

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Case study designs are not variants of other research designs. Yin (1994) proposed five components of case studies:

1. A study's questions,
2. Its propositions, if any,
3. Its unit(s) of analysis,
4. The logic linking the data to the propositions, and
5. The criteria for interpreting the findings (Yin, 1994, p. 20).

The research questions framed as "who", "what", "where", "how", and "why" determine the relevant strategy to be used. In this study, the nature of the questions leads to an explanatory-exploratory case study. This research being exploratory, need not, and do not have a proposition (Yin, 1994). The unit of analysis in a case study could be "an individual, a community, an organization, a nation-state, an empire, or a civilization" (Sjoberg, Williams, Vaughan, & Sjoberg, 1991). This study uses a case study organization as the unit of analysis. The linking of the data to the propositions and the criteria for interpretation of the findings are not well developed in case studies. However they are represented in the data analysis and report.

The exploratory methodology is suitable choice for the analysis of a single case study. The explanatory strategy came from the need to determine the extent to which the financing strategy is informed in the organization and to what extent the strategic plan of the organization takes sustainability into account. The exploratory strategy was used to analyze the internal and external situation of the organization, the civil society and the economic aspects of the country.

3.2.3 Conduct the Case Study

Preparation for Data Collection and Conducting interviews
Recommended Procedures

The second stage of the methodology recommended by Yin (1994) and which were used in the current study is the conduct of the case study.

There are three tasks in this stage that must be carried out for a successful project: *Preparation for Data Collection, Distribution of the Questionnaire,* and *Conducting*

Interviews. These stages are presented together in the following section, since they are interrelated. Once the protocol has been developed and tested, it puts the project into the second phase - the actual execution of the plan. In this phase the primary activity is that of data collection. The protocol described above addresses the types of evidence that are available in the case organization. In case studies, data collection should be treated as a design issue that will enhance the construct and internal validity of the study, as well as the external validity and reliability (Yin, 1994). Most of the field methods described in the literature treat data collection in isolation from the other aspects of the research process (Yin, 1994), but that would not be productive in case study research.

Yin (1994) identified six primary sources of evidence for case study research. The use of each of these might require different skills from the researcher. Not all sources are essential in every case study, but the importance of multiple sources of data to the reliability of the study is well established (Stake, 1995). The six sources identified by Yin (1994) are:

- documentation,
- archival records,
- interviews,
- direct observation,
- participant observation, and
- physical artifacts.

No single source has a complete advantage over the others; rather, they might be complementary and could be used in tandem. Thus a case study should use as many sources as are relevant to the study.

Documents could be letters, memoranda, agendas, study reports, or any items that could add to the data base. The validity of the documents should be carefully reviewed so as to avoid incorrect data being included in the data base. One of the most important uses of documents is to corroborate evidence gathered from other sources. The potential for over-reliance on document as evidence in case studies has been criticized. There could be a danger of this occurrence if the investigator is

inexperienced and mistakes some types of documents for unmitigated truth (Yin, 1994).

Archival records could be useful in some studies since they include service records, maps, and charts, lists of names, survey data, and even personal records such as diaries. The investigator must be meticulous in determining the origin of the records and their accuracy (Available:http://www.nova.edu/ssss/QR/QR3-3/tellis2.html)

Interviews are one of the most important sources of case study information. The interview could take one of several forms: open-ended, focused, or structured. In an open-ended interview, the researcher could ask for the informant's opinion on events or facts. This could serve to corroborate previously gathered data. In a focused interview, the respondent is interviewed for only a short time, and the questions asked could have come from the case study protocol. The structured interview is particularly useful in studies of neighborhoods where a formal survey is required. The use of tape recorders during the interviews is left to the discretion of the parties involved (ibid).

Direct observation in a case study occurs when the investigator makes a site visit to gather data. The observations could be formal or casual activities, but the reliability of the observation is the main concern. Using multiple observers is one way to guard against this problem.

Participant observation is a unique mode of observation in which the researcher may actually participate in the events being studied. This technique could be used in studies of neighborhoods or organizations, and frequently in anthropological studies. The main concern is the potential bias of the researcher as an active participant. While the information may not be available in any other way, the drawbacks should be carefully considered by the researcher (ibid).

Physical artifacts could be any physical evidence that might be gathered during a site visit. That might include tools, art works, notebooks, computer output, and other such physical evidence (ibid).

Yin (1994) suggested three principles of data collection for case studies:

  1. Use multiple sources of data

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2. Create a case study database

3. Maintain a chain of evidence

The rationale for using multiple sources of data is the triangulation of evidence. Triangulation increases the reliability of the data and the process of gathering it. In the context of data collection, triangulation serves to corroborate the data gathered from other sources. The cost of using multiple sources and the investigator's ability to carry out the task should be taken into account prior to deciding on the use of this technique.

The data that are collected during this phase need to be organized and documented just as it is in experimental studies. The two types of databases that might be required are the data and the report of the investigator. The design of the databases should be such that other researchers would be able to use the material based on the descriptions contained in the documentation. All types of relevant documents should be added to the database, as well as tabular materials, narratives, and other notes (ibid).

The chain of evidence that is maintained by the researcher provides an avenue for the researcher to increase the reliability of the study. The procedure is to have an external observer follow the derivation of evidence from initial research questions to ultimate case study conclusions. The case study report would have citations to the case study database where the actual evidence is to be found.

Application of Recommended Procedures

This study used the case study methodology in conducting an in-depth study of a single organization. Single cases may be used to confirm or challenge a theory, or to represent a unique or extreme case (Yin, 1994)

The primary data gathering was accomplished using a questionnaire instrument designed for face to face interview with participants who are employees of the organization. In the course of research and purposely to search for more information some questions were developed for few handpicked clients and associates to get their general view on the subject. For these the researcher inquired with the participants and most preferred the questions be sent through email.

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Specific questionnaire items covers overall vision and mission, environmental context, values, Activities to carry out the mission, finance strategy, Structures and systems to support the financing strategy and marketing and networking areas. These categories were also employed in the analysis.

Since the study was in a single organization the researcher was able to personally meet participants to inform them about the study and at the same time asking for their participation. The director of the organization granted the permission to interview his staff at the office premises. The participants of the study were the decision makers in the organization since the topic is on finance and are directly responsible for financial affairs policies and procedures. The interview with facilitators who execute organizational projects was also conducted to find out about the activities that they undertake.

In order to expand the depth of data gathering and increase the number of sources of information, the researcher used open-ended interviews as recommended by Yin (1984). The interviews were conducted according to the interviewee's schedule and availability, as suggested by Feagin, Orum, and Sjoberg (1991). The list of those to be interviewed included the executive director, the assistant director, OD senior facilitators, the Finance Manager, Senior PPM&E facilitators and Chairperson of the board.

Face to face interviews with the key decision makers followed the recommendations of Yin (1984). It was ideal for the topic of the study and the case organization under study. The researcher is well qualified to conduct this form of inquiry.

The source of the quantitative data was various organization records in the public domain. The historic financial information, Financial Statements, 2000-2004 financial manager was available for clarification of items. Permission was obtained from the Director, for use of finance documents. The Strategic Planning 2004-2006, Financing Strategy 2004/2006 and the Report on organization Financial Management in relation to OD done by an external consultant hired by the organization. The strategic planning, Financing Strategy and the report by the external consultants were the primary sources of information on future projections. All these documents were made available by the management.

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3.2.4 Analyze Case Study Evidence

Analytic Strategy

Recommended Procedure

The following discussion will present the *Analytic Strategy* that should be followed in the course of evaluating data gathered in the previous stage of the study.

There are various viewpoints relating to analytic strategy of case study, and one of them is that statistical robustness is not an absolute necessity in all case studies. "Data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial propositions of a study" (Yin, 1994). The analysis of case study is one of the least developed aspects of the case study methodology. The researcher needs to rely on experience and the literature to present the evidence in various ways, using various interpretations. This becomes necessary because statistical analysis is not necessarily used in all case studies, and in fact the attempt to make the study conducive to such analysis could inhibit the development of other aspects of the study. Miles and Huberman (1984) have suggested alternative analytic techniques of analysis in such situations, such as using arrays to display the data, creating displays, tabulating the frequency of events, ordering the information, and other methods. This must be done in a way that will not bias the results.

Qualitative data, *consisting of words*, can be analysed logically and systematically. There are four basic steps to analysing qualitative data according to (http://www.nt.gov.au/health/healthdev/health_promotion/bushbook/volume1/analyse. html).

1. Organize the data

Data is organized in format that is easy to work with. Notes from tape recordings are transcribed and hand made notes categorized and typed up. After organizing the data, the overall picture of the complete set of data can be seen.

2. Shape the data into information

After looking at the data researcher needs to assess what type of themes are coming through. This analysis is done *by sorting*. Different categories or types of responses

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found should be noted down. One could use separate cards or sheets of paper to do this step. Separation of the data into groups that share similar characteristics should be made. Starting with a large number of categories will make it easier to allocate all the data. After becoming more familiar with the data and thinking about the relationships between the groups, it may be possible to reduce the number of categories (ibid).

3. Interpret and summarize the information

Caution is made not to try to quantify the responses, (for example, researcher cannot say "half the people said....".) Instead the researcher will look for the range of views expressed. It is possible to say "some...." or "others...", but one cannot say "most...." or "few...." It is important to make sure all opinions or views are represented in the summary.

4. Explain the information

The researcher should refrain from leaping to conclusions or making assumptions. Think over the information from the data and relate it to the study instead. This will lead to an increase in knowledge and ability to report on the facts.

Yin (1994) suggested that every investigation should have a general analytic strategy, so as to guide the decision regarding what will be analyzed and for what reason. He presented some possible analytic techniques: *pattern-matching, explanation-building, and time-series analysis*. In general, the analysis will rely on the theoretical propositions that led to the case study. If theoretical propositions are not present, then the researcher could consider *developing a descriptive framework around which the case study is organized.*

Trochim (1989) considered pattern-matching as one of the most desirable strategies for analysis. This technique compares an empirically based pattern with a predicted one. If the patterns match, the internal reliability of the study is enhanced. The actual comparison between the predicted and actual pattern might not have any quantitative criteria. The discretion of the researcher is therefore required for interpretations.

Explanation-building is considered a form of pattern-matching, in which the analysis of the case study is carried out by building an explanation of the case. This implies

that it is most useful in explanatory case studies, but it is possible to use it for exploratory cases as well as part of a hypothesis-generating process. Explanation-building is an iterative process that begins with a theoretical statement, refines it, revises the proposition, and repeating this process from the beginning. This is known to be a technique that is fraught with problems for the investigator. One of those problems is a loss of focus, although keeping this in mind protects the investigator from those problems (ibid).

Time-series analysis is a well-known technique in experimental and quasi-experimental analysis. It is possible that a single dependent or independent variable could make this simpler than pattern-matching, but sometimes there are multiple changes in a variable, making starting and ending points unclear (ibid).

There are some things that the researcher must be careful to review to ensure that the analysis will be of high quality, including: showing that all relevant evidence was used, that all rival explanations were used, that the analysis addressed the most significant aspect of the case study, and that the researchers knowledge and experience are used to maximum advantage in the study (ibid).

Application of Recommended Procedure

Yin (1994) suggested that every investigation should have a general analytic strategy, so as to guide the decision regarding what will be analyzed and for what reason. He presented some possible analytic techniques: *pattern-matching, explanation-building,* and *time-series analysis.* In general, the analysis relies on the theoretical propositions that led to the case study.

For the purpose of the study, the techniques which will be used in analyzing data will be to rely on theoretical prepositions and models that have been developed by leading authorities in the subject matter. The analysis of the organization strategy was adapted from the framework developed by some of the leading authorities in the field of strategic management, Johnson & Scholes (1999) who suggested the evaluation of strategy terms of its suitability, feasibility and acceptability.

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Data collected from interviews was sorted out to isolate the meaning. For most small project such as this study the researcher will be able to do the data analysis. Analysis of data from the interviews relied on the logical and systematic interpretation by the researcher. Caution was exercised to avoid leaping into conclusion or inappropriately quantifying the information. Data was sorted into like groups and range of views expressed were matched to isolate facts to reach the conclusion.

The literature presented the evidence in various ways, using various interpretations. This becomes necessary because statistical analysis is not necessarily used in all case studies, and in fact the attempt to make the study conducive to such analysis could inhibit the development of other aspects of the study (ibid).

Develop Conclusions, Recommendations, and Implications Based on the Evidence.

Recommended Procedure

The reporting aspect of a case study is perhaps most important from the user perspective. It is the contact point between the user and the researcher. A well designed research project that is not well explained to the reader, will cause the research report to fall into disuse (Saunders at el, 2002). In this section, the researcher must refrain from technical jargon and resort to clear explanations. Those explanations are necessary to help the user understand the implications of the findings.

Application of Recommended Procedure

The results of this study are presented in the final chapter of this study, and will include a detailed description of procedures and the results of the interviews and the literature search.

3.3 Conclusion

The case study methodology has been subjected to scrutiny and criticism at various times since the 1930's. As a research tool, it has not been a choice that is listed in the

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major research texts in the social sciences. However, as this researcher has shown, a case study is a reliable methodology when executed with due care. The literature, while not extensive, contains specific guidelines for researchers to follow in carrying out case studies. Yin (1994) designed protocols for conducting case study, which enhance the reliability and validity of the investigation.

The goals and objectives of the study were presented in the proposal for this study. This chapter has presented the methodology that was used to conduct the study in relation to goals and objectives so as to confirm that what was proposed was in fact executed. The conclusion and recommendation will be presented in the subsequent chapter.

CHAPTER FOUR

4 Key Findings

This chapter presents major findings and results synthesized from the literature reviewed and the information from the interviews. Applying the analytic strategy as suggested in the previous chapter, the information from the literature review, organization documents and interviews with selected staff, was logically and systematically analyzed to draw out the facts. The data was organized in logical order for assessment and sorted into like groups and range of views expressed were matched to isolate facts so as to reach the conclusion. The findings will be discussed under the following critical areas to developing and designing of an effective financial strategy.

1. *The organization's positioning and visibility within Tanzania context and donors.* (Where the organisation is in relation to the socio-economic context of Tanzania?

2. *The organization's vision and mission* and activities to attaining the mission (is it possible-conclusion, finding-relevant? work relevant, employee aware of the values.

3. Strategy support system and organizational internal capabilities

4. Marketing and Networking

5. Organization financial strategy.

Basically means that before developing a successful financing strategy,

- *the organization overall strategic and action plan must be in order,*

- *the organization budget must be clear and*

- *there must be an overall internal control mechanism for organization finances.*

- *Further, there must be a clear understanding of the values of the organization, values which cannot be compromised by the financing strategy.*

In any non governmental organization developing a fundraising plan should be one of the top priorities. Without a fundraising plan, organization may wind up with uncoordinated fundraising, which will result in a loss of donations. New programs, benefits, businesses and nonprofits rarely get off their feet without a plan. Business

plans, marketing plans, staffing plans and fundraising plans are crucial to the development of any business, whether nonprofit or for-profit.

4.1 Organization's positioning and visibility within Tanzania context

Since 2000, Tanzania has made some strides towards responding to the development needs of the country with particular focus on the reduction of both income and non income poverty. The vision 2025 as discussed in chapter two of this study provides an overall framework to which the country's National Growth Strategy and the Reduction of Poverty is directed. The strategy is supported by a number of government frameworks like the Local Government reform programme, Property and Business Formalization Programme better known in Swahili as Mpango wa Kurasimisha Rasilimali na Biashara za Wanyonge Tanzania (MKURABITA). Of particular interest to case study organisation is that the government calls for contribution from civil society sector and the private sector (non-state actors) to join hands in implementing and achieving the goals of NGSRP and LGRP.

According to the interviews and documentation reviewed, the organisation is already starting to contribute to the development and strengthening of local NGOs who are implementing some of the programmes directed at poverty reduction. The organisation has also secured a contract to strengthen leadership capacity of Local Government authorities as part of the ongoing Local Government Reform Programme. The organisation is also partnering another international organization who is supporting initiatives working in the field of poverty reduction and HIV/AIDS. These NGOs who are already implementing poverty reduction strategy and other development initiatives related to the United Nations MDGs are already part of the organization's clientele.

The organization define their clientele needs as follows: limited idea of their own identity, lack of the ownership spirit among members of the, many organizations have an orientation to project thinking rather than organizational, many are weak in analysing the context, many have minimal organizational capacity to perform effectively, most are overly dependent on external finance, many don not encourage, nor plan for, learning as individuals, as groups or as an organization and lack strategic

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and visionary leadership and so the organization clear intention is to build capacity of these organizations that are so vital for Tanzania development. It is thus clear that the organization existence in this context is justifiable as its work is within the framework of Tanzania's development and poverty reduction intentions.

4.1.1 Marketing and Networking

The organization does not have clearly identified plan to market its work apart from advertising its training on the papers. Public debates that are conducted for clients gives the organization some amount of publicity but served mostly to promote the organization existence and not what the organization is about. The organization is members of various networks in the country and outside the country but there no clear strategy to ensure that these links have a continuous support of the work of the organization.

4.2 The organization's vision/mission and activities to attaining the mission

The role of the organisation as a provider of capacity building through organisation development and change processes is important and should be continued to support the development organizations in Tanzania. As mentioned above, the government efforts require a strong civil society and stronger civil society depends on the capacity building which is an overall purpose of this organisation. Interviews confirmed that this purpose should not change. All people interviewed explained the vision and mission of their organization and seem to understand why the organization exists. The challenge for an organization that is serious about sustainable development concept is to move towards becoming a visionary organization, an organization that is inspired and motivated by a uniting picture of a positive future they are building in society. It has been shown that a clear vision, mission and organization work effectiveness are some of the most important requirements for organizational sustainability and most organizations struggle to attain that including the organisation that is the subject of the review. There is a need to invest time to ensure that people within the organisation are inspired and motivated by a uniting picture of positive future they are building in society.

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Another issue is the organizational culture, way of thinking and the employee's ownership of the organization. The organization has a culture of togetherness and teamwork and all are passionate about the organization's existence and sustainability.

From the review of the organization documents and interviews with key staff it is clear that in the last five years the organization mostly worked with organizations who took the initiative to approach them for their services. If one looks at the current trends and what is likely to be the trend in the future, organisation will need to be proactive and seek partnerships and involvements on projects that are implemented as part of efforts to reduce poverty, negotiating a particular involvement in capacity building aspects of the poverty reduction projects.

It is clear that for any organization's continuity, its work must be enduring and support the mission and vision of that organization. The case study organization vision is of enhanced capabilities of civil societies in Tanzania and the organization effort has been to work towards that goal. However most participant of the study worry that the organization is doing every work that is coming their way in the quest to raise more funds and the concern is that the organization might loose focus of their vision. In general one can say that the organization is doing well in work towards that goal although not in the rate or quantity that was initially supposed. This can be seen in the strategic planning 2004-2006 and the Financing Strategy in relation to the social projects.

There is a clear sense of duty among staff as they take their assignments as planned and a consensus that customer should be served efficiently and effectively but there are no clear means to counter check the reports that goes to clients after the work has been done. Further there was no clear evidence of mechanism to follow up on the intervention/work that it has been undertaken. This lack of monitoring and evaluation makes it difficult to actually see the impact of the organization work to the clients and hence a degree to which the organization vision is being attained.

4.3 Strategy support system and organizational internal capabilities

According to the literature there are basically three components that are most important if the organization is to succeed in the implementation of its strategies meant to achieve its mission. These components are: *a participatory organisation structure that is relevant to the work being done; competent human resource and appropriate systems and structures.*

4.3.1 Organisation structure

The organisation has been trying to implement a team-based structure that is led by the Executive Director internally who works with four managers. The managers come from teams which are the organisation development team, training team, information and publications and finance and administration team. The Management is then accountable to the Board through the executive director.

From the interviews and some of the organisation documents, it was established that the process of introducing the structure has been difficult. The reasons that stand out are that most of the people within the organisation are still learning how to manage and lead. For most this was the first opportunity to ascend to such leadership responsibilities. Whilst the team structure is a good idea for the organisation, at the moment most people feel that it is not the best structure because it requires higher level of maturity and leadership experience, which is still at its nascent stage within the organisation. The board meets about four times a year and provides lots of support to the organization.

With the team structure up for review, the next challenge for the organisation is to ensure that a reviewed structure helps the implementation of the new strategic plan and also balances the expectations the organization places on individuals and balances the expectations against what the individuals can do (their capacities).

4.3.2 Human Resources Management

Organization views staff development as a major pre-requisite to attaining efficiency and quality work that is so vital to keeping clients satisfied and therefore values their development. As seen in the literature review a satisfied customer means good

reputation and good reputation goes a long way to attracting donors both internal and external.

The system of team leadership enhances staff participation in decision-making and their sense of ownership of the organization on the other hand this is yet another important factor for organizational sustainability. Workers participate more in the organizations when they are involved in decision making and the organization is attempting to introduce the team leadership system though the management declares they still have a long way to go.

4.3.3 Systems to support the implementation of the financing strategy

The literature has made it clear that for developing and implementation of an effective financing strategy there are some systems and procedures that need to be in place within an organization. These systems include proper finance systems and procedures for budgeting and internal control.

All team managers from the organization development team, training team, information and publications and finance and administration team participate in the preparation of the organization budget. The Management is then accountable to the Board through the executive director who present the budget to the board for approval and for developing funding proposal to the donors. At the moment no particular staff has been assigned a task to develop a new funding proposal or search for new/more donors for organization strategic plan. Management is still sole responsible for the development of proposal budget to Cordaid.

The discussions with management and interviews with individual staff specifically on the strategic plan and financial strategy 2004-2006 concludes that there is a need of simulating teamwork between programme staff and financial/ administrative staff to ensure that both staff category are involved in and committed to process of activity planning and budgeting, implementing of financial and internal control, reporting and auditing. Further a better connection between planning and budgeting and the accounting system is needed to allow for transparent cost allocation for overhead cost to all activities and programmes.

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4.4 Organization Strategic Planning

Every year the organization holds end of the year annual strategic planning meeting with staff some board members to strategically reflect on the organization past and future work plans. In these meeting the coming year work is planned and the Strategic Plan together with Action Plan is agreed upon by staff and the board members.

According to the report of 2004 workshop that comprises of staff, some board member and invited clients, the basic direction for the coming years was agreed after an internal analysis and environment scan of the organization and a careful reflection on its values. The vision and mission were confirmed and strategic objectives were reviewed. The review of the same strategic plan in the beginning of the 2005 to took into account the new development of the organization decision to develop a Business Plan. All this is very important as the greatest challenge for organizations today is to really spend time preparing the overall strategy then financial strategy.

4.5 Financing strategy

According to the financing strategy 2004-2006 the organization is underpinned by four key principles. These principles are the financing options that were identified by the organization as most appropriate for the organization current positioning. These are donor support, earned income from client work and special projects, quality control, and high quality standards. Through implementing these, the organization hopes to ensure its financial sustainability.

4.5.1 Donor support

The current situation is that the organisation has been financed by two donors; VECO who was the original 'host' of the idea that resulted to founding of the organization. At the initial stages CORDAID came in and provided more funding. In the beginning of 2006, VECO was only giving 6000 US dollar to the organizations. 2006 is also the last year of CORDAID funding according to the finance strategy. The organisation is however still planning to raise up to 50% of its needed income from mostly international donors. This will primarily depend on the new strategic plan that is currently being developed.

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With clearly articulated special project based on a clear strategy and core business focus, there are evidence (from interviews and contextual documents) that the organization would succeed in attracting new donors to support their work. Most people agreed that the organization would be able to build on their current experience and develop more proposals for funding.

For the organisation these projects are one source of the planned fundraising strategy. Already a number of proposals have been submitted to donors for funding. It is expected that the organization will manage to increasingly access these social projects in the next few years. The organisation has made a plan to commit 50 days from facilitator per year out of the total 142 working person day available for each facilitator. The funds generated from donor projects are termed tied funds, as they cannot be used for purpose other then the project that they were raised for.

4.5.2 Earned income

Earned income or 'untied funds' are funds generated through fees charged from clients. The core business of the organisation is training and facilitating change and development for NGOs and to lesser extent government institutions in Tanzania. The capacity building interventions work is done on a consultancy basis where organizations pay for the services provided. This though will never be enough to sustain the organization if the rates remain as they are. Most interviewees are aware that the rate charged per day will need to go up by a good percentage but they are also aware that the current client profile is already struggling with the current rates. This suggests that there will always be a need for a subsidy from a donor. The organization was fully donor financed and did not need extra income for the first five years but with the gradual exiting of the donor, the organisation has had to spend some time developing a strategy and finding ways of ensuring that the earned income becomes the primary source of its revenue with a little subsidy from the donors. The current position is such that the organization at most breaking-even. This would mean halting some of the projects if the situation leans on the worse side.

The assertion made by the organisation in its Financial Strategy 2004-2006, that the organization can exist and operate as a semi-commercial NGOs because it has what it takes to compete in the market and because it has managed to increase its self-

financing ability gradually since its inception does not reflect the reality that I discovered, most people in the organization including those in leadership feel that the organisation still require support from donors if they where to continue serving their current targeted clients.

4.5.3 High quality standards

The strategy to raise funds commercially will not work if the organization does not endeavor to abide to high professional standards and provision of quality services. The organization goal is to continuously improve the quality of the work and staff learning. Quality is obviously an investment that determines a price of an item. The management will ensure organizational support for this strategy in terms of quality control, coaching, regular feedback, learning sessions, in the office week, performance appraisals and staff motivation.

4.5.4 Cost control

Organization is aware of the fact that resources are scarce and need to be used efficiently. For this reason it has been discovered that management is taking measures to promote cost effectiveness throughout the organisation. It will seek to ensure reasonable and motivating terms of employments, within the framework of NGO values and practice.

In promoting cost efficiency the organization planned strategy is to have policies and procedure to protect organizations assets, ensure staff adherence to the policies and procedures and to strengthening of financial internal control. These measures are being taken by the management and need to be assessed.

Conclusion

For the all of the above reported principles of financial strategy what stands out is the fact that the organization would like to ensure its services conform to the demand and needs of the clients and the market. The organization would like to achieve all these while protecting its autonomy, by diversifying its source of funding. The organization is capable of attaining the strategy using the resources and knowledge and capabilities

that exists. Member of staff are in agreement with the finance strategy after a clear definition between 'social' projects versus the organization 'commercial' projects and the strategy was designed to address the circumstances and the capabilities of the organization at the time.

CHAPTER FIVE

5   Conclusions and Recommendations

This final section presents major conclusions on the findings that were discussed in the previous chapter. The section concludes with the identification of areas of continuing debate and issues calling for further analysis and research. Recommendation on the improvement of the current strategy will be given and a proposal of possible framework that can enable the organization to streamline the current efforts to ensure effectiveness in the quest for financial sustainability.

5.1   Organisation opportunities in the country

In the previous chapters I have discussed that the case organization is working in a country that is committed to moving the frontiers of poverty and has done enough to demonstrate to international development partners and governments the seriousness of its fight against poverty and marginalization of the majority of Tanzanians. The poverty reduction strategy and other related national strategies have guaranteed Tanzania's standing with international development agencies; most of them have even gone into joint financing strategy. Capacity building for non-state actors, especially NGOs - who are expected to contribute to poverty reduction - is a critical component to the fight against poverty. Whilst it is not direct but it is very important if the organizations that deliver services directly to the poor are going to be effective. This organization capacity building work with NGOs will need to be accelerated and be extended to local government, a government arm that works where most poor Tanzanians leave, in rural areas. For the case organization to seize the opportunities that are coming its ways, it need to *stay in touch* and connected to the developments in Tanzania. This will be achieved if the current links with the Local Government Reform Programme are continued. A *marketing drive* to introduce its capacity

building package to international development agencies that are conceptualizing projects aimed at reducing poverty. The Executive Director together with the Information Officer must take this responsibility.

5.1.1 Marketing, networking internet & media publicity

The reality of misdeeds and fraud by some NGOs taint the sector as a whole, creating mistrust and misunderstanding so the organization has to develop clear professionalism among the staff members and always be willing to provide information on the NGO's goals and objectives, as well as programmes. It may help to get a third party organization to write about the organizations programmes and projects. Keep good relations with the media, and cultivate spokespersons among the staff members. The Internet website could be used as a marketing tool as well as a fundraising tool but as it stands it just serves as an information page with no obvious strategic attempt to call for clients or donors. More could be done to ensure more visitors go to the site.

5.2 The organization's vision and mission

The current strategic plan of the organisation is coming to the end in December 2006. The Vision, mission and identity should stay the same. What some people are concern about is the confusion around profit making or non-profit making. As it was discussed earlier, the organisation need to continue with the strategy to earn more income from clients supplementing this income with funds from donor because most of the clients can not afford the going rates if they were the only source of revenue. On the other hand, the organization cannot afford to abandon some of the clients who cannot afford going rates because these are the same that organization mission will be attained if they are capacitated. The fact that the organization charges for services does not make it a commercial firm and the organization needs to make this clear for the tax authorities. All the income needs to continue to go back into the better running of the organisation and increasing the effectiveness of its programmes.

Becoming a commercial firm is long-term dream that is against the current vision and mission of the organisation. The context, the nature of the organization services and

structures within the organisation do not allow it currently. It is clear that the organisation should continue to market its identity as a non profit sharing organisation with development values.

5.3 Strategy support systems

The main findings on the financial management systems assessment concludes that there is a need of simulating teamwork between programme staff and financial/ administrative staff to ensure that both staff category are involved in and committed to process of activity planning and budgeting, implementing of financial and internal control, reporting and auditing. Further there should be a better connection between planning and budgeting and the accounting system. This will allow for transparent cost allocation for overhead cost to all activities and programmes.

5.3.1 Organization structure

The team structure is being tried and has not worked so far. It is a good idea but it seems more efforts and energy is required as well as maturity of the people involved. This for me means that all must understand exactly what is needed to be done and achieved by leading in teams because it is more than having a team that makes decisions, it is more about proper leadership and total commitment. After the change in leadership, most of the energy needs to be directed at re-positioning the organisation for greater effectiveness and sustainability financially or otherwise.

A new structure that is being developed will still need to be participatory – people need to be consulted on decisions that affect their work and the organisation in general. The organisation need to define clear roles and functions required to achieve its new strategies, through a clear internal capacity audit identify who can do what and streamline jobs that way. The current jobs were not allocated on the basis of what the organisation was doing or what the person can do as a result some people are doing less then what they can do and are located in teams where they can contribute less to the organisation. It is hoped that the structure would emerge from this process. Whatever structure, it must ensure that individuals are supported to produce quality work.

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5.3.2 Human Resource Management

As alluded above, there is no doubt that the organization possesses competencies it requires to be effective and sustainable, what is needed is a clear audit of personnel capacity. The resultant output would be an allocation of jobs to relevant persons. The jobs must also be aligned to ensure their relevancy to the organisation strategies. Because it takes so much time and money itself to find secure funding all staff members of an NGO should spend part of their time in fund raising - each catering to different aspects of the process - writing proposals, finding and networking with donors, negotiating, writing reports etc. All these activities need skills and knowledge to be effective and successful - which most NGOs do not have. Creating NGO Networks, NGO service centers, information kiosks etc. might help in pooling and developing the knowledge and skills much needed by NGOs for this purpose.

5.3.3 Strategy support systems

Planning and budgeting should be considered organizational process promoting cost consciousness and cost effectiveness among all staff. Participatory planning and budgeting needs a well defined organization structure. The organization structure based on team is not yet fully implemented to allow participative planning and budgeting. The organization structure is also a pre condition for the development of an appropriate accounting systems and cost allocation system vital for the Finance Strategy development.

Critical to wading into the future is the organization ability to plan, put in plan in action (implementation), appropriate organization structure and developing its people. The future of the organization and its effectiveness will rest on these premises. It has been argued that if an organization has a clear purpose and appropriate organization structures and systems, it would be much more sustainable.

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5.4 Organization strategic planning

The yearly reviews and planning workshops should be used by the organization and the board to really discuss and resolve issues that affect the organization sustainability. It should also be a time for all to see and appreciate their contribution to the mission and vision of the organization. From the interviews most staff are in agreement with the importance of having planning meeting together which should be continued. The organization must also use these gatherings to develop new ways of responding to internal issues and new needs and demands of the environment.

5.5 Financial Strategy

The four key principles underpinning the organisation's finance strategy are in a sense comprehensive. As already observed the organization will continue to need donor support for both special projects and subsidy for operational costs. The organisation need to continue earning from services provided to clients and some of the special projects that fall within this category. The quality control and saving what is already being practised is a critical part of financial health of any organisation. I think that high quality standards should be the principle that underpins all the above principles. The proper support system and empowered staff are meant to ensure high quality performance both setting of the standards and working towards them. Implementing these principles within the organization had been a challenge. More need to be done in this area.

5.5.1 Donor support

A clear package of what the organisation plans to contribute in poverty reduction needs to be developed straight after a new strategic planning is adopted. This package needs to demonstrate how organisation capacity building programme links directly to strengthening the delivery capacity of development NGOs both in rural and urban areas and how the organisation plan to continue supporting these organization in future. Key international donors need to be approached to finance the package. The

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experience suggests that the organization would be successful if they can provide a needs-based programme. It is cautioned that the organization should avoid being overly ambitious, they need to promise what they can deliver both in terms of time available and competencies it has, in currently the organisation tends to take more then what they can afford to work on the available facilitator time raising funds being an excuse, a valid excuse but need to be careful evaluated nevertheless.

The organization is still seeking money from traditional funding sources and it advisable to seek both local as well as overseas donors. Sometimes it is so difficult to find a donor who is willing to finance a specific programme or project. Organization should try in other places a local businessman or company may be willing to help only if and when asked. Seek funding from 'non-traditional' sources that may exist in organization own backyard as for the case of corporate whose strategies includes good corporate citizenship.

5.5.2 Earned income from clients

It is said that the most important customer you have is the one that is busy using your services. Currently the organisation has a lot of customers using its service, what is of concern is the quality of the current service. The organization has listed quality as one of the challenges that they need to overcome. From the interviews it was discovered that clients complains usually centre around broken promises, low quality standard of the reports and delivery on deadline, the organization should take stock of the complains if any thereafter device a strategy with all programs staff and programme coordinator to uproot the complains. A further monitoring and review of individual performance needs to be put in place to ensure that both the clients and fellow colleagues help individuals to perform better.

It must be emphasized that the earned income is still the core of the organization livelihood and quality must go into ensuring that the paying customers get quality service, a fact that some people feel is not reflected in the current services provided,

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there is a feeling that some of the current services are not of high quality. The organization is including High quality standards as part of its financing strategy.

The rate charged per day will need to go up by a good percentage and the current client profile are already struggling with the current rates says most interviewees. This suggests that there will always be a need for a subsidy from a donor. The organization was fully donor financed and did not need extra income for the first five years. With the gradual exiting of the donor, the organisation has had to spend some time developing a strategy and finding ways of ensuring that the earned income becomes the primary source of its revenue with a little subsidy from the donors.

The organisation must also make provision on the budget to do follow-up visits to review how clients are performing after an intervention, for the organization to learn. The currently situation is there is no follow-up if the organisation can not pay for it and most organisations do not see the value of paying more for reviews. The idea in the current finance strategy is to raise funds for review and evaluation. It is imperative that the organization showcase what it does and report on the changes that has been achieved after its work with a client, this can only help the organization in the quest to raise funds from donors.

5.5.3   High quality standards

The organisation needs to formulate quality control standards and people needs to be educated on these standards. Individuals need to assess themselves and identify their weaknesses and link development programme with these weaknesses. This should be done across the organisation; opportunities for development have been mostly given to the senior staff in the past, everyone need to be granted equal opportunity to learn so that they can perform. This must also link to the proposal made under human resource above.

5.5.4 Control of cost

With good maintenance, controls, and sustainable use of resources, I think that an organisation could double the resources that they have. It is imperative that all members of staff are involved and feel a greater ownership of the organisation and they would look after them more. The important starting point for cost and control of other resources is to develop a greater ownership and commitment to the organisation. Investing on high-tech systems to control the use of resources alone might prove to be more expensive than when those investments are also linked to educating staff on the importance of saving and looking after resources.

The other aspect to add is maintenance; people at the organization feels the need to ensure that organisation resources have a proper after sale service guarantee.

Related recommendation is to educate staff on finances and how finances are managed and administered internally. It is still a struggle even after the workshop with external consultants. Knowledge of financial internal control will result into people taking responsibility of their expenditure and budgeting control would be effective.

Cost centers need to be created to aid finance department in its duty. Cost centres are a prerequisite to the pricing of the organization services. Clear cost allocation will be possible where cost centers are set and in that setting of prices.

Managing and keeping track of income and expenditure from different sources of finances will also be possible when there is a clear cost allocation strategy. It is critical that the costing systems are put in place as soon as possible.

Conclusion

To ensure implementation of the financial strategy a number of critical issues should be addressed. In order to increase number and income generated from long-term project, proposals need to be written and a plan to manage organization-donor relationships should be devised to keeping the dialogue going. Because it takes so

much time and money itself to find secure funding all staff members of an NGO should spend part of their time in fund raising - each catering to different aspects of the process - writing proposals, finding and networking with donors, negotiating, writing reports etc. All these activities need skills and knowledge to be effective and successful. Creating NGO Networks, NGO service centers, information kiosks etc. might help in pooling and developing the knowledge and skills much needed by the organization for this purpose. Another pertinent issue is the need to increase marketing for organization services and the issue of accessing more contracts and projects from government and possibly private sector. *Given the organization's situation it is recommended that capacity building work is accelerated and extended to local government as long as it will not affect the organization's core values. The organization should develop a clear proposal on capacity building for poverty reduction to access more donors funding. This mean that donor funding is still required to supplement the organization own income.*

To conclude it is clear that the organization is heading in a proper direction as far as its plans for financial sustainability are concerned but caution is made to the organization to make sure all the issues identified are addressed. *The Vision and mission should stay the same. To avoid confusion with the stakeholders and the tax authorities the management should clarify non-profit making status of the organization. An audit of personnel capacity need to be carried out and their work responsibilities reviewed.* It is imperative that the team structures are defined and implemented, cost centers are identified, staff requirements are met and organization direction is clearly defined. *The structures need to be reviewed time to time and defined to reflect organization's reality.*

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11 DECEMBER 2006

MS. GJ MWASHA (203518411)
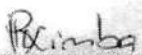**GRADUATE SCHOOL OF BUSINESS**

Dear Ms. Mwasha

ETHICAL CLEARANCE APPROVAL NUMBER: HSS/06834A

I wish to confirm that ethical clearance has been granted for the following project:

"**Sustaining non-governmental organisation: A financing strategy**"

Yours faithfully

MS. PHUMELELE XIMBA
RESEARCH OFFICE

cc. Faculty Office (Christel Haddon)
cc. Supervisor (Prof. W Geach)