

Human Resource Challenges in Non-Governmental Organizations (NGOs)



Management

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ABSTRACT

Human resource management is a challenging task to all three sectors namely public, private and voluntary sector. Two major questions arise in the mind of academicians; first, are the three sectors facing similar kind of human resources problem in the workplace? Second, is the severity of human resource (HR) problems equal in all three sectors? In this context large number of experts widely accepted, three sectors face similar kind of human resource problems but the severity of problem is not same. This study has mainly focused on HR aspects of non-governmental organizations (NGOs). The NGOs are exposed to three kinds of challenges namely financial, information and human resource. From the earlier studies it is evident to note that NGOs consider HR challenges as the most severe challenge than other two challenges. This study aims to examine HR challenges of NGOs and argued employee retention as a severe challenge.

Introduction

The study carried out by Muukkonen (2000) identified three sectors - private, public and the social economy. The private sector is privately owned and profit motivated, public sector is owned by state on behalf of people and the social economy concentrates more about community development aspects and not oriented towards profit. Over the past few decades along with these two sectors third sector has emerged as response to the failures of the state and market in addressing the unsatisfied needs of the society, which denotes the sphere between state and market. Salamon and Anheier (1992) noted third sector was initially referred to a kind of non-profit institutions and service activities in United Kingdom and United States of America. The non-profit sector is defined as "a set of organizations that are formally constituted, non-governmental in basis structure, self-governing, non-profit distributing and voluntary to some meaningful extent". The NGOs found all over the country differing in its basic objectives, size and other features. They are regulated by their own policies and procedures and free from government interference. In the study of Bottiglieri, Kroleski, & Conway (2011) opined that the objectives of NGOs are to serve the society and not to make profit. These organizations hope to make profit in order to improve welfare of community. The profit accumulated will not be distributed to its shareholders as how the profit oriented organizations do.

In the Indian economy though the term NGOs emerged recently, many of its roles, activities and functions were performed in the pre independence period by different local organizations. Sen's (1992) has beautifully described about the historical context of NPOs in four periods, namely- the mid of late colonial period (1810s to 1947); the early post-Independence period (1947 to the late 1950s); the 1960s and 1970s; and the 1980s. Third sector organizations have initiated and gained reputation in following areas namely providing welfare services to the vulnerable, marginalized and deprived segments of the society, spread awareness, enhances human skills, works to reduce poverty, enhancing human skills, women empowerment, rehabilitation etc. Though NGOs are playing a key role in the development of economy, they are exposed following employee related problems namely problems relating to staffing, remuneration, motivation and retention of competent employees.

Employee attraction, motivation and retention in the NGOs workplace seem to be a severe HR issue. Few questions arises on this concept -why it is difficult to attract, motivate and retain workforce in NGOs, and does compensation play a major role in it? Frontera(2007) found factors for low employee motivation and high turnover are low salary, job insecurity, employment opportunities elsewhere, lack of personal safety and security, lack

of respect and appreciation, under employment, lack of development opportunities, etc. According to DeVaro and Brookshire (2007) non-profit organizations were less likely to use good wage system, incentive to motivate workers and promotion. The above arguments clear that financial incentives are not considered as an important tool in the work environment of NGOs, hence it is duty of organizations to consider financial aspects as an important element thereby turnover problem can be reduced. Supporting to the findings of earlier studies Alvurudo (1996) and Watts (2002) opined non-profit employees should be motivated like for profit employees by awarding financial reward by doing so employees perceptions towards financial inequality can be reduced. Hence, effective human resource management is significant to achieve predetermined objectives of NGOs. Therefore NGOs are accountable to implement effective strategies relating to human resource management. For the study purpose secondary data has been used from journals and books etc.

Why people Join NGOs

Large numbers of studies have been under taken by the researchers to examine answers to the following questions. Why do individuals prefer to join NGOs though they are not compensated fairly? And what factor influences people to choose NGOs workplace as their career? Onyx and Maclean (1996); Martinez and McMullin (2004); Flanigan (2010) identified personal commitment of work, commitment towards social change, convenience of job and earlier professional experience, competing commitments and efficacies motivates individuals to choose third sector job. According to KnocKs (2011) non-profit employees prefer to work for these organizations as the work performed by them directly contributes to achieve organization's mission, and subsequently enhances their skills and knowledge. Wesarat, Sharif and Majid (2013) have argued that the NGO professionals were not influenced by objective aspects of work and they were influenced by subjective aspects of work such as, chance to achieve the social goals like social equality, community development and people's well-being. In contrast to the above study, Ahmad (2007) opined fieldworkers do not join NGOs enthusiastically, but they join to have a job and to earn money. As the non-profit organizations are mission driven entities, in which people are attracted and motivated by their passion for the mission and remain there to accomplish it.

Role of Non-governmental organizations as employer

As an employer NGOs are taking interest in various HR related aspects namely training, compensation, motivation and retention of employees hence the role played by NGOs as an employer is significant. The studies of Vasani (2004); Siddique and Ahmad (2012) revealed NGOs as an employer perform worse than the state and market. They work for the well-being of society

but they ignore employees' personal and professional requirements. Ahmad (2002); Siddique (2009) delineated problems and reasons for poor performance of NGOs workers namely insecure job, financial hardships, family dislocation, unhealthy and non-friendly environment, lack of safety for women employees etc. Therefore, it is a responsibility of NGOs as an employer to take care of its employees' well-being so that performance level can be enhanced and an effective service delivery team can be formed. The skill and knowledge of employees can be enhanced by giving training and development programs. Papadakis et al (2012) opined education and training plays an important role in increasing employability of the workforce. Kamath (2011) found non-governmental organizations as an employer fails to provide training programs to its employees. Supporting to Papadakis et al (2012) words, Ramzan, Mukhtar and Achakzai (2012) recommended non-governmental organizations to use innovative training techniques to enhance employee performance. Failure to provide appropriate training can lead to a wide range of undesired outcomes in non-profit organization hence effective employee training is essential. It is a responsibility of NGOs as an employer to take appropriate measures to motivate its employees. In order to get better result employee motivation is significant. Walk, Handy and Schinnenburg(2013) revealed underestimation of motivational aspect of non-profit employees leads to job dissatisfaction. Lanfranchi and Narcy (2012) opined non-governmental organizations workers are enthusiastically motivated by their profession and not by monetary rewards. Contrasting to the study result of Lanfranchi and Narcy (2012), Hafiza et al (2011) argued that NGO employees are motivated by extrinsic reward than intrinsic rewards. The studies of Schepers et al (2005); Tippet and Kluyers (2009) concluded the non-profit employees are motivated by both intrinsic (non-financial) and extrinsic (financial) rewards. Mutambara and Mutambara (2012) identified rewards, feedback and recognition as supportive tools to motivate NGOs employees. Kim and Lee (2007) noted pay and opportunity for career advancement are the effective strategies to retain non-profit employees in the short run, but mission act as an effective management tool in attracting and retaining non-profit employees in the long run. From the above discussions it clears that though non-profit employees are intrinsically motivated they deserve extrinsic motivations.

Hence, it is possible to reduce turnover problem in the NGOs workplace only when NGOs take initiatives as an employer in the workplace and implement effective strategies relating to human resource aspects namely training, motivation, compensation etc. Negligence of these HR concepts causes a huge loss and it has to bear the cost of employee recruitment and development.

Findings and discussion

The literature review revealed that people join NGOs as they are attracted by mission of the organization and work environment of NGOs helps employees' to enhance their skills and knowledge. Compensation has direct impact towards performance and satisfaction level of employees. The above statement is consistent with the argument of Brown et al. (2004) that lower compensation drives employees away from non-profits regardless of organizational commitment and job satisfaction. The low pay and an absence of opportunities for career growth restrict the non-profits organizations from retaining talented workforce. Though NGO employees are not motivated by financial incentive, their impact on motivation should not be underestimated. Hence both the intrinsic and extrinsic reward is essential to increase level performance and job satisfaction. As postulated earlier, employee retention is a persistent HR challenge in non-profits than attracting them to join NGOs and the real problem starts with retaining them. Based on the review of literature the study exhibited reasons for high turnover in non-profit organizations are lower pay, frustration with the lack of resources, lack of job satisfaction, lack of extrinsic motivations, absence of leadership skills, lack of training and development programs, unhealthy employee and employer relationship etc. Therefore NGOs as an employer has to implement strategies relating to employee training, motivation, compensation to get good performance and consequently to reduce employee turnover problem.

Conclusion and suggestions

Delivering welfare related service to the desired group of people is possible only when employees of NGOs are satisfied in the work place. Therefore employee satisfaction in the NGO work environment is a prerequisite to render welfare related services to the society. Employee motivation and other factors play an important role in retaining employees in the organization. Based on conceptual study the assumption proves that retention of employees as a challenging task than attracting people to join NGOs workplace.

Hence NGOs have to adopt good HR practices to provide quality work to the society and as an employer have to take care of employees' health and welfare. HR manager in the NGO work environment should consider above factors to solve retention problem. The limitations of the study imply that it is purely theoretical in nature that no empirical study has been made. For the future study researchers can take large sample of non-governmental organizations and can give good findings and results.

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