3.1. Governance in Voluntary Organizations:

Voluntary organizations registered as a charitable society will have a Memorandum of Association and Rules and Regulations (together called MOA). This is the basic constitution of an organization. In it, the objectives, the office bearers, how they are to be elected, what their administrative and financial powers are, how succession, decision-making process will take place, how rules will be changed (permitted by law), and the procedure for closing down or dissolving the organization are spelled out. The MOA is a public document. Trusts will have trust deed which delineates above details. There are organizations which are registered both as charitable society and as a public trust. In addition, voluntary organizations also have their vision and mission statements. These serve as basis for judging their financial management and accountability practices.

The governing body may be referred by different names - governing board, trustees, board of trustees, managing committee, executive committee etc. While this is the policy making or corporate level body, its members serve in honorary capacity without remuneration. The organizations will have paid employees headed by a director, managers or someone with similar title. In very small organizations, distinction between governing body and executive structure may not be clear. Small organizations are not likely to have a hierarchical arrangement. In small organizations, most organizational reporting and communication procedures may be informal, verbal and not well documented. This does not mean that that the organization is engaged in malpractices; it is just that that the organization's work is based on trustful work relationships and that the concerned people may be giving more importance to 'work' and less importance to paper work, bureaucracy and accountability.
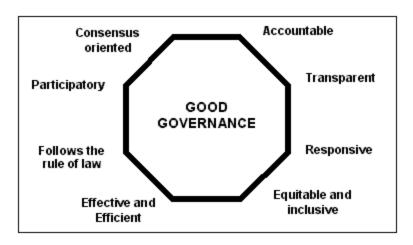
Recently the terms "governance" and "good governance" are being increasingly used in development literature. Major donors and international financial institutions are increasingly basing their decisions to extend grants and loans on the condition of "good governance" practices. The concept of "governance" is not new. Simply put **"governance**" means: **the process of decision-making and the process by which decisions are implemented (or not implemented)**. Since governance is the process of decision-making and

implementation, an analysis of governance focuses on the formal and informal actors involved in decision-making, implementing the decisions made and the formal and informal structures that have been put in place to arrive at and implement the mission of the organization. It is important to understand the governance in a voluntary organization to be able to judge if financial management and accountability decisions and practices are in keeping with the mission of the organization, and the laws governing them. For instance, MOA, the minutes of governing board meetings, and service rules must be in place and, financial management must adhere to them. Various aspects of governance are explained in detail in the course on governance.

3.2. Principles of Good Governance:

Principles of good governance are explained by the diagram given below. Financial mangers, accountants, auditors in voluntary organizations should bring these to the notice of the authorities of the voluntary organizations and persuade them to adopt these principles. It is better to adopt good governance voluntarily than be donor-driven. It is not unusual, however, for funding agencies to insist that partnering voluntary organizations adopt good governance practices. Adoption of good governance practices goes a long way in establishing credibility and sustainability of a voluntary organization.

Characteristics of good governance

3.2.1. Participation

In the context of voluntary organizations, participation means that there is a governing board (known by any name managing committee or an executive committee etc) whose membership composition consists of members who are not blood-relatives, there is diversity and is representative; the organization discloses relevant personal details about the members; the board meets at least twice a year; members are not compensated or remunerated for their participation; there is internal democracy within the board; board approves programmes, budgets, activity reports, audit statements etc that are in keeping with the mission of the organization. Every paid employee participates in creating and abides by the norms and procedures of accountability while delivering services, transacting financially, and in dealing with concerned stake-holders.

Participation by men and women, beneficiaries and representatives of larger society is a key cornerstone of good governance. Participation could be either direct or through legitimate intermediate institutions or representatives. It is important to point out that internal democracy does not necessarily mean that the concerns of the most vulnerable in society would be taken into consideration in decision making. Hence, there are ways to ensure that the concerns of the most vulnerable are taken into account. Voluntary organizations should keep different stake-holders informed about the activities of the organizations. Then only participation can be informed and meaningful.

3.2.2 Rule of law

Good governance requires fair legal and policy frameworks that are adopted and practiced impartially. This implies that a voluntary organization is registered and active; and, it complies with all the laws applicable to it. It also implies that the voluntary organization protects human rights, equality and social justice particularly of minorities, vulnerable and the weak in all its work. Impartial enforcement of policies requires independent, incorruptible governing and implementing body. One important challenge in this regard is the absence of one single standard regulatory body. And the laws and policies applicable to the voluntary organizations keep changing. There are various NGO networks that inform their members about the changes in the existing laws, new laws introduced, dates and dead lines for compliance.

3.2.3. Transparency

Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information about the basis of decisions taken is freely available and directly accessible to those who will be affected by such decisions. It also means that enough information is provided and that it is provided in easily understandable forms and media to all the stake-holders. Written services rules, issuing appointment letters specifying terms and conditions of employment, norms for fixing salaries, criteria for choosing individual beneficiaries etc are made available to all concerned.

3.2.4. Responsiveness

Good governance requires that voluntary organizations and processes try to serve all stakeholders within a reasonable timeframe. Preparing and submitting periodic reports, maintaining minutes of meetings and action taken reports, preparing project proposals for responding to a felt need, spelling out detailed measurable outcomes, rectifying inadvertent omissions and commissions are some of the good practices that are considered as responsive management.

3.2.5. Consensus oriented

There are several stake-holders and as many view points in a given voluntary organization. Good governance requires mediation of the different interests to reach a broad agreement on what is in the best interest of different stake-holders and how this can be achieved – in short, a broad and long-term perspective on what is needed for sustainable human development and how to achieve its goals. This can only result from an understanding of the historical, cultural and social contexts of a given voluntary organization and the context in which it was established. 'Consensus' means a shared vision and mission, a set of objectives articulated beyond the registration document. It also means that the organization has defined indicators which measure its performance against stated objectives. Resolving differences by dialogue with stake-holders within a reasonable period, avoiding resorting to legal disputes as a way of resolving differences are some of the good practices.

3.2.6. Equity and inclusiveness

An organization's well being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of decision-making. This requires stake-holders have equal opportunities to access information regarding decisions, resources, duration. Voluntary organizations should consciously adopt policies that are sensitive to equity in terms of gender, differently able, age, culture, ethnicity etc depending on what provisions are made in the MOA, vision and mission statements, rules and regulations, service rules, rules pertaining to beneficiary entitlements etc

3.2.7. Effectiveness and efficiency

Good governance means that organizational processes in the voluntary organization produce results that meet the needs of the intended beneficiaries while making the best use of resources at their disposal. The concept of efficiency also covers the sustainable use of natural and other resources, and the protection of the environment. In short, voluntary organizations intervention strategy is in congruence with the mission and is in public interest. It means that management has internal control over mission and its implementation. Clear roles and responsibilities exist within the organization. Employee-employer relations are formalized and are harmonious. It also means that there is budgetary control.

3.2.8. Accountability

Accountability is a key requirement of good governance. Accountability implies that there are sound book-keeping and accounting practices; there are sufficient control to avoid fraud and misappropriation; there are good mechanisms to keep track of collective decisions and action taken on them within the organization.

Voluntary organizations must be accountable to their stakeholders. Who is accountable to who varies depending on whether decisions or actions taken are internal or external to that organization. In general an organization is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law; and the voluntary organization's activities are in line with its vision and mission statements. However, difficulty in measuring outcome of voluntary organizations' work, the parameters and indicators used by different stake-holders makes accountability complex.

Tandon and Geroge write (1999, pp 51-52) ,it is not possible to avoid on questions transparency and accountability of governance and Voluntary Development Organizations in an arena were similar transparency and accountability is being expected of other forms of governance mechanism in particular those of the state and corporate institutions. What is obvious is that procedure for governance developed in one culture or context or one type of development organisation may not be automatically and blindly transformed to others. More importantly the founder leaders and chief functionaries of VDOs need to take their own responsibility in strengthening one governance mechanism. The current requirement inhibits the healthy development of governance mechanisms. The FCRA requirements are a case in a point.

Further KK Bandyopadhyay (2003, P 27-29) writes that, there are some key functions of the governance mechanisms from an organizational point of view like 1. to ensure vision and mission is carried out 2. To be the custodian of values, ethics and moral dimensions 3. To be an interface between organisation and environment 4. To enhance public image of the organization 5. To assure the accountability of the leadership 6. To secure and safeguard necessary resources 7. To fulfill the legal and statuary requirements and 8. To ensure formulation and implementation of policies, etc.

From the above discussion it should be clear that good governance as an ideal is what voluntary organizations should strive to achieve. Very few voluntary organizations in the sector have come close to achieving good governance in its totality. However, to ensure sustainable human development, actions must be taken to work towards this ideal with the aim of making it a reality.

3.3. Management & Mobilization of Resources:

Unlike government organizations which deal with issues in public domain, voluntary organizations' calling is self-chosen. So they have to continuously justify their presence in and value to society. Secondly, voluntary organizations' power and influence is based on civic engagement, social mobilization and reliance on social capital, not on the political mandate or financial influence of businesses. In terms of their activities, they have organizational and wider development goals; their achievement depends on forces beyond their control. They must reconstruct their performance measures continually from a variety of stakeholders. Thirdly, voluntary organizations' resources do not come from those they serve, either taxpayers or customers. They are situated between and must negotiate with

resource providers and people who justify their existence. For this reason, they are tied to the political economy of policies, priorities and official policies and procedures of local, national and international 'giving' –government and non-government. And hence, their direction and identity are related to these forces.

Voluntary organizations do not have the capacity for mass coverage. Generally their work is location specific and cannot easily be replicated or scaled up. They also come under political pressure and sometimes get co-opted into local politics. And, when they grow and expand, bureaucratization becomes inevitable and they start behaving like large bureaucracies. In a scenario where government grants and international development aid (both governmental and non-governmental) have got reduced to a trickle compared to earlier times, voluntary organizations are sometimes required to find innovative ways of mobilizing resources. Sometimes they take up contracts of development work. This means they have to have resources to pay earnest money deposit (EMD), prepare tender documents and bid or compete with other organizations for contracts. There is a view that this reduces the role of voluntary organizations to being a contractor. In this changed scenario, what is important is that, voluntary organizations are faced with multiple accountabilities and shifting relationships. Learning becomes key to their survival. Managers have to have the ability to select most effective alliances and strategies to reach their goals on a continuous basis. Those who are in charge of finance, administration and accounts in a voluntary organization and those who are in the business of monitoring the implementation of and assessing development projects need to keep this in mind while documenting various processes and assessing the organization's work.

Voluntary organizations require a variety of resources – credible image, organizational intelligence, finance, expertise, leadership, skilled staff, volunteers, good will, networks, community support, equipment, movable and immovable assets etc. In addition to quantity, quality of the resource influences the effectiveness of the voluntary organizations. Quality of the resource is the degree to which resources match the demands of best practices and the mission of the organization. Six factors contribute to the quality of a resource: 1) conditions and expectations of the giver, 2) method of giving, 3) level of administrative burden, 4) predictability and reliability, 5) continuity and necessary duration and 6) timeliness.

Maintaining multiple sources of funding is a preferred strategy. Seeking resources from multiple sources is demanding. Building relationships with multiple sources of resources involves initial contact, finding programme congruence, negotiating areas of flexibility, and establishing trustful relationship. All this means costs in terms of staff time, skill and finance. Sometimes, mobilizing required resources involves a trade-off between costs in time, reporting, administration and management set against vulnerability and greater operating independence.

DIFFERENT FUNDING SOURCES
1. government – central, state, local
2. autonomous bodies – CSWB, CAPART, Women's Development and Finance Corporations, SC/ST/Minority/PWD Development and Finance Corporations
3. Public and private trusts
4. National and international non-government funding agencies – CRY, OXFAM
5. Religious funding – Hindu, Muslim, Christian, Sikh, Jain etc
6. Bilateral funding – DFID, USAID, DANIDA etc
7. Multilateral funding – UNICEF, WHO, ILO, UNDP, WB,IMF
8. Business and Corporate houses
9. Cooperatives
10. Civic clubs – Rotary, Lion's clubs
11. Ad hoc individual giving
12. Fee charged from beneficiaries
13. Rent and hire charges
14. Fund raising
15. Miscellaneous other

Some of the issues and challenges in mobilizing resources are – attitudes, changing policies, changing funding partners, continuity, sustainability, preventing goal displacement, being donor-driven, retaining autonomy, meeting transparency and accountability standards of multiple funding and regulatory bodies. These challenges become more complex because outcome of the organization's work is difficult to measure.

3.3.1. Management Challenges

Each voluntary organization goes through several stages in its life. At the time of getting established, they have certain needs; at the stage of implementation, their need for leadership and various resources differ; at the stage of consolidation they are engaged in institution building; and at the stage of expansion and organizational change, their financial decision making procedures will be different. Depending on the age and stage of development of the organization, stake-holders will also be different. In short, not only the type but also the stage at which an organization is situated, and the type of role it assumes on different social issues, will determine its financial and accountability needs.

Many of the management challenges faced by voluntary organizations revolve around fund-raising and financial sustainability. How to preserve organizational identity, stick to the mission of the organization and maintain continuity in the core development activity when income is difficult to predict is a challenge. Keeping overheads low while preserving quality, managing phases of expansion to take advantage of opportunities without over exposing the organization, and forging a team composed of permanent staff, consultants, part-timers and volunteers are part of the challenges in managing voluntary organizations.

Voluntary organizations cannot rely on hierarchy, coercion, financial or material rewards to obtain staff compliance towards organizational goals; rather they have to rely on self-motivation, and personal value base that will persuade the staff to work. Values influence the processes of change - organizational and social.

Internal commitment to value-based management complicates traditional social structures and organizational processes. Voluntary organizations have to tailor the roles of the staff and the organizational strategy to the value base that motivates those who work with them. As a result, staff is unlikely to respond effectively to conventional command-and-control management hierarchies and incentives based solely on material rewards. Material rewards are not irrelevant. But, in general, personal commitment, satisfaction, shared ideology and a feeling that they have a meaningful stake in the mission and direction of the organization are more important incentives to performance. Since concepts of participation and empowerment underlie the ways of the voluntary organizations, they have to promote diversity, gender equity and other issues of difference. These should reflect both in their

external relationships to gain credibility and legitimacy and in the internal organizational processes.

In many ways, connectivity is the theme that ties all the management challenges together in voluntary organizations. To be effective, and to be change agents in the larger society, voluntary organizations need to build broad-based relationships with media, labour unions, activists, elected representatives, universities/educational institutions, think-tanks and others for implementation and for bringing about policy change at the government levels. They need to act as bridges, facilitators, brokers, translators, linking institutions, interventions, capacities required to leverage broader structural changes from small-scale actions.

As Dr. Tandon (2004a) argues, the traditional funding patterns of the aid agencies provided grant to Civil Society Organizations to encourage a dialogue with the governments and included them. However, direct funding of the voluntary sector is being replaced by the lengthy process of providing grants to the national government and then encouraging the civil society to approach the government to avail the same. It is meant to strengthen the Government-Civil Society dialogue, but unfortunately fails to do so, as this relationship is solely based on funding. When these funding dry-up these relationships are also discontinued.

Which ever type of organization it may be, it is a fact that voluntary organizations are dependent on donations and grants. Few have their own perennial source of financial support. Most voluntary organizations have multiple sources of financial support that enables them to continue to engage in development activities without interruption. It is relatively easy to get grants for programme activities than to get support for buildings, land, establishment, salaries and other overheads; and the size of support from each source generally would cover specific parts of an organization's activities. Most grants come in installments; and usually the installments are released upon satisfying certain conditions. Voluntary organizations have to meet the expectations of many stake holders – donors, regulatory bodies, beneficiaries, general public, government, financial institutions etc. At the same time, they have to achieve their mission.

Managing voluntary organization is an immensely challenging task because it requires a human and organizational flexibility and responsiveness that is difficult to achieve even in predictable environments, in conditions of financial stability and in agencies of small to

medium scale. These require managerial skills of the highest order, tailored specifically to the context and value bases of the voluntary sector (Tandon: 1987).

But there are certain problems with regard to funding /donors too. A PRIA study (1989) shows that Jordanian NGOs have recognized the importance of autonomy and the role of funding in the same. An umbrella organization of Voluntary Organization, called General Union of Voluntary Society (GUVS) raise their own resource from the national and international sources. The government of Jordan, passed a legislation in 1966 to provide a legal framework for registrations of NGOs under which the government could investigate and direct NGOs

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Self- Assessment Exercise

1. What challenges does a manager of a voluntary organization face?

2. What different funding sources can voluntary organizations access?

3. What are the incentives that motivate those who work in this sector?

4. What is meant by 'governance'?

5. What are the principles of 'good governance'?

6 Memorandum of Association serves as the basis for governance in a voluntary organization. Explain

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