MANAGEMENT OF ORGANIZATIONS

M.A., SOCIAL WORK

Semester – III, Paper - I

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M.A. SOCIAL WORK - MANGEMENT OF ORGANIZATIONS

This book is exclusively prepared for the use of students of M.A. (SOCIAL WORK) Centre for Distance Education, Acharya Nagarjuna University and this book is meant for limited Circulation only.

FOREWORD

Since its establishment in 1976, Acharya Nagarjuna University has been forging a head in the path of progress and dynamism, offering a variety of courses and research contributions. I am extremely happy that by gaining 'A' grade from the NAAC in the year 2016, Acharya Nagarjuna University is offering educational opportunities at the UG, PG levels apart from research degrees to students from over 443 affiliated colleges spread over the two districts of Guntur and Prakasam.

The University has also started the Centre for Distance Education in 2003-04 with the aim of taking higher education to the door step of all the sectors of the society. The centre will be a great help to those who cannot join in colleges, those who cannot afford the exorbitant fees as regular students, and even to housewives desirous of pursuing higher studies. Acharya Nagarjuna University has started offering B.A., and B.Com courses at the Degree level and M.A., M.Com., M.Sc., M.B.A., and L.L.M., courses at the PG level from the academic year 2003-2004onwards.

To facilitate easier understanding by students studying through the distance mode, these self-instruction materials have been prepared by eminent and experienced teachers. The lessons have been drafted with great care and expertise in the stipulated time by these teachers. Constructive ideas and scholarly suggestions are welcome from students and teachers involved respectively. Such ideas will be incorporated for the greater efficacy of this distance mode of education. For clarification of doubts and feedback, weekly classes and contact classes will be arranged at the UG and PG levels respectively.

It is my aim that students getting higher education through the Centre for Distance Education should improve their qualification, have better employment opportunities and in turn be part of country's progress. It is my fond desire that in the years to come, the Centre for Distance Education will go from strength to strength in the form of new courses and by catering to larger number of people. My congratulations to all the Directors, Academic Coordinators, Editors and Lesson-writers of the Centre who have helped in these endeavors.

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301SW21: MANAGEMENT OF ORGANIZATIONS

SYLLABUS

Course Objectives: This paper will enlighten the students on human service organizations, different aspects of management of NGOs. Gain knowledge about project management and proposal writing.

Course Outcome: Prepare the students on the concepts of human service organizations, different aspects of management of NGOs and project management and proposal writing.

Unit – 1

Human Service Organizations –Characteristics like Size, Nature and Design - Social Response to Social Needs – Origin and Growth of Organization-External Environment.

Unit – 2

Establishment: NGOs Foundation, Registration and Need -The Societies Registration Act, 1860 – Legislations Relating to Trusts– Organizational Goals: Vision, Mission and Values.

Unit – 3

Management of Human Service Organizations: Governance and Administration, Boards, Executive Boards, Professional and Staff Relationship – Communication: Team Building, Governance and Accountability in NGO's.

Unit – 4

Financial Management: Organizational Budget – Sources of Finance- Themes and Methods of Resource Mobilization, Corporate Social Responsibility – Trends and Issues.

Unit –5

Project Management: Elements of Project Planning, Guidelines for Formulation of Project Proposals: Project Implementation - Monitoring and Evaluation – Their Relevance to Social Work Practice.

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CONTENTS

LESSON – 1
HUMAN SERVICE ORGANISATIONS

OBJECTIVES :

The objective of this lesson is to make the student understand the concepts of Human service organisation; it's characteristics like size nature and design.

CONTENTS :

1.1 INTRODUCTION :

Human service organizations play a vital role in our society by providing essential support and assistance to individuals, families, and communities facing various challenges. These organizations are dedicated to improving the overall well-being of vulnerable or disadvantaged populations and addressing social issues that impact people's lives.

The primary goal of human service organizations is to meet the diverse needs of individuals and communities, ensuring they have access to necessary resources, support services, and opportunities for growth. These organizations often work in collaboration with government agencies, non-profit organizations, community groups, and other stakeholders to maximize their impact and create positive social change.

Human service organizations offer a wide range of programs and services to address various aspects of human life. These may include:

Social services : Providing assistance with basic needs such as food, shelter, clothing, and healthcare, particularly for individuals and families experiencing poverty or homelessness.

1. **Counselling and mental health services :** Offering professional counselling, therapy, and support to individuals dealing with mental health issues, substance abuse, domestic violence, or other emotional challenges.
2. **Child and family welfare :** Ensuring the safety, well-being, and development of children by providing child protection services, foster care, adoption services, parenting support, and family counselling.
3. **Employment and vocational support :** Assisting individuals in finding employment, acquiring job skills, and accessing vocational training to enhance their employability and financial stability.
4. **Disability services :** Supporting individuals with disabilities through advocacy, accessibility initiatives, assistive technology, and specialized programs that promote inclusion and independence.

5. **Aging and elder care :** Offering services and resources to support the elderly population, including healthcare, assisted living facilities, home care, and programs to combat social isolation.
6. **Education and youth development :** Providing educational support, mentoring, after-school programs, and youth empowerment initiatives to help children and young adults succeed academically, socially, and emotionally.
7. **Community development and advocacy :** Engaging in community organizing, policy advocacy and social justice initiatives to address systemic issues, reduce inequalities, and promote inclusive communities.

Human service organizations often operate as non-profit entities or receive funding from government agencies, grants, donations, and philanthropic sources. They rely on a dedicated team of professionals, including social workers, counsellors, case managers, educators, and volunteers who work tirelessly to support individuals and communities in need.

By bridging gaps in social services, human service organizations aim to foster resilience, self-sufficiency, and empowerment among those they serve. They are essential in creating a more just and equitable society by addressing the systemic barriers that prevent individuals from reaching their full potential and ensuring that everyone has access to the resources and support they need to thrive.

1.2 DEFINITIONS OF HUMAN SERVICE ORGANISATION :

Human service organizations are organizations that provide various types of support, assistance, and resources to individuals, families, and communities. These organizations are typically focused on addressing social issues, promoting well-being, and improving the quality of life for vulnerable or disadvantaged populations. Here are some definitions of human service organizations:

❖ "Human service organizations are entities that deliver programs and services aimed at meeting the social, emotional, and practical needs of individuals, families, or communities. They work to enhance well-being, promote self-sufficiency, and address social challenges."

❖ "Human service organizations are non-profit or government agencies that provide direct assistance, counselling, advocacy, and other support services to individuals and communities. They aim to improve access to resources, address social inequalities, and promote social justice."

❖ "Human service organizations are specialized entities that offer a range of services such as healthcare, counselling, housing, employment support, and education to help individuals overcome barriers, achieve their potential, and lead fulfilling lives. They collaborate with other stakeholders to create positive social change."

❖ "Human service organizations are community-based or national organizations that mobilize resources and expertise to address social problems, protect vulnerable populations, and promote inclusivity. They may focus on areas such as child welfare, mental health, homelessness, substance abuse, or disability services."

❖ "Human service organizations are dedicated entities that foster human dignity, social cohesion, and individual empowerment. They operate through a person-centered approach, providing support, resources, and opportunities for personal growth, while recognizing the unique needs and strengths of each individual."

These definitions highlight the common goals and purposes of human service organizations, which involve assisting individuals and communities in need, promoting social well-being,

and advocating for social change. The specific services and focus areas may vary depending on the organization's mission and the populations they serve.

1.3 NATURE OF HUMAN SERVICE ORGANISATION :

The nature of a human service organization is characterized by its purpose, principles, and functions in addressing the needs of individuals, families, and communities. Here are some key aspects of the nature of human service organizations:

1. **Service Orientation :** Human service organizations are fundamentally driven by a service-oriented approach. They are dedicated to helping and supporting individuals, families, and communities by providing a wide range of services, resources, and assistance. The nature of their work is centered around meeting the social, emotional, and practical needs of those they serve.

2. **Human-Centered Focus :** Human service organizations prioritize the well-being and dignity of the individuals they serve. They recognize the inherent worth and rights of every person, and their actions are guided by respect, empathy, and a commitment to promoting social justice. Human service organizations strive to empower individuals, promote self-determination, and enhance the quality of life for those they serve.

3. **Holistic Perspective :** The nature of human service organizations acknowledges that individuals and communities face complex challenges that require a holistic approach. They recognize that social issues are often interconnected, and addressing one aspect of a person's life can have a ripple effect on other areas. As a result, human service organizations often provide a range of services that address various dimensions of well-being, such as physical, mental, social, and economic needs.

4. **Prevention and Intervention :** Human service organizations are engaged in both prevention and intervention efforts. They work to prevent social problems by addressing underlying causes, promoting education, awareness, and early intervention. Additionally, they provide direct interventions to support individuals and families facing immediate crises or ongoing challenges.

5. **Advocacy and Social Change :** Human service organizations recognize that addressing systemic issues and advocating for social change are integral to their work. They often engage in advocacy efforts to promote policies and practices that advance social justice, equity, and inclusivity. They aim to be catalysts for change, challenging societal norms and structures that perpetuate inequality and marginalization.

6. **Collaboration and Partnerships :** Collaboration and partnerships are essential components of human service organizations. They recognize the importance of working with other stakeholders, including government agencies, community organizations, and individuals, to maximize resources, share expertise, and coordinate services. Collaboration enables a more comprehensive and integrated approach to addressing complex social issues.

7. **Continuous Learning and Improvement :** Human service organizations are committed to continuous learning and improvement. They value evidence-based practices, research, and evaluation to inform their work and enhance the effectiveness of their services. They strive to stay informed about emerging trends, best practices, and innovations in their field to better meet the evolving needs of their clients.

8. **Ethical Practice :** The nature of human service organizations is rooted in ethical practice. They adhere to professional standards and ethical guidelines that govern their interactions with clients, ensure confidentiality and privacy, and promote integrity in service provision. Ethical considerations include maintaining boundaries, respecting cultural diversity, and promoting equity and fairness.

These aspects collectively shape the nature of human service organizations, highlighting their commitment to service, social justice, holistic support, collaboration, and continuous improvement. The nature of these organizations emphasizes the importance of addressing social needs, promoting well-being, and striving for positive.

1.4 SIZE OF HUMAN SERVICE ORGANISATION :

Human service organizations vary in size, ranging from small grassroots initiatives to large national or international entities. The size of a human service organization can be influenced by several factors, including its scope of work, target population, available resources, and geographic reach. Here are some common categories based on size:

1. **Small-Scale Organizations :** These are typically small, local organizations that operate at the community level. They may be volunteer-run, have limited staff members, and serve a specific neighborhood or target population. Small-scale organizations often focus on providing direct services to meet immediate needs within their immediate vicinity.

2. **Medium-Sized Organizations :** Medium-sized human service organizations have a broader reach and impact than small-scale ones. They have a more established structure, dedicated staff members, and often serve a larger geographic area or a specific population group. These organizations may offer a wider range of services, have more comprehensive programs, and employ professionals with specialized expertise.

3. **Large-Scale Organizations :** Large human service organizations have a significant presence and operate at regional, national, or even international levels. They have substantial resources, infrastructure, and a wide network of branches or affiliates. These organizations often have multiple programs targeting diverse populations or social issues. Large-scale organizations may engage in policy advocacy, research, and provide extensive training and technical assistance to other organizations.

4. **National and International Organizations :** National and international human service organizations are characterized by their extensive reach and influence. They operate across multiple regions or countries, tackling broad social issues or serving specific populations on a larger scale. These organizations often have well-established networks, partnerships with governments, and a substantial budget to support their programs and initiatives.

It's important to note that the size of an organization does not necessarily determine its effectiveness or impact. Even smaller organizations can have a significant impact on their local communities, while larger organizations may face challenges in maintaining a personalized approach or adapting to local needs. The focus should be on the organization's mission, the quality of services provided, and the outcomes achieved, rather than solely on its size.

1.5 DESIGN OF HUMAN SERVICE ORGANISATION :

The design of a human service organization involves the intentional structuring and organization of its components to effectively and efficiently achieve its mission and goals. The design encompasses various elements, including organizational structure, processes, roles and responsibilities, communication channels, and decision-making frameworks. Here are some key considerations in designing a human service organization:

1. **Mission, Vision, and Values :** Clearly define the organization's mission, vision, and values, which serve as guiding principles for all activities and decision-making. Ensure that these foundational elements are aligned with the purpose of the organization and the needs of the populations it serves.

2. **Organizational Structure :** Determine the organizational structure that best suits the organization's goals and activities. Common structures include hierarchical, flat, matrix, or network models. Consider factors such as the scope of services, reporting relationships, coordination mechanisms, and the need for collaboration and cross-functional teams.

3. **Roles and Responsibilities :** Define roles and responsibilities within the organization to ensure clarity and accountability. This includes identifying leadership positions, staff roles, and volunteer involvement. Clearly articulate expectations, tasks, and decision-making authority for each role to promote effective teamwork and avoid duplication or gaps in service delivery.

4. **Staffing and Talent Management :** Develop strategies for recruiting, hiring, and retaining qualified staff members who align with the organization's mission and values. Provide opportunities for professional development, training, and ongoing support to enhance staff skills and competencies. Foster a positive work culture that promotes collaboration, innovation, and employee well-being.

5. **Service Delivery Processes :** Design efficient and client-centered service delivery processes that ensure the effective provision of services. Map out the steps involved in service delivery, identify potential bottlenecks or gaps, and streamline processes to enhance service quality and responsiveness. Incorporate feedback mechanisms to continuously improve service delivery based on client needs and feedback.

6. **Communication and Collaboration :** Establish clear communication channels and mechanisms within the organization to facilitate effective information flow and collaboration. Encourage open communication, both vertically and horizontally, to foster a culture of transparency, teamwork, and knowledge sharing. Utilize technology and tools that enhance communication and collaboration, such as intranets, project management systems, and online platforms..

7. **Decision-Making and Governance :** Define decision-making processes and governance structures that facilitate effective and efficient decision-making within the organization. Determine decision-making authority, mechanisms for consultation, and involvement of relevant stakeholders. Ensure accountability and transparency in decision-making processes to build trust and promote organizational effectiveness.

8. **Evaluation and Continuous Improvement :** Incorporate mechanisms for monitoring and evaluating the organization's performance and outcomes. Implement regular assessments to measure the impact of services, identify areas for improvement, and make informed decisions. Use data and feedback to guide strategic planning, resource allocation, and program development.

9. **Collaboration with Stakeholders :** Establish partnerships and collaborations with key stakeholders, including community organizations, government agencies, funders, and other service providers. Foster relationships based on shared goals and mutual respect, and leverage collective resources and expertise to maximize impact and address complex social issues.

10. **Flexibility and Adaptability :** Design the organization with flexibility and adaptability in mind, as social needs and circumstances evolve over time. Build in mechanisms to respond to emerging challenges and opportunities, adjust service delivery models, and incorporate innovative approaches that align with the changing needs of the populations served.

The design of a human service organization should be dynamic and responsive, promoting organizational effectiveness, client-centeredness, and the achievement of desired outcomes. Regularly assess and refine the design to ensure it remains aligned with the organization's mission and responsive to the evolving needs of the communities served.

1.6 CHARECTERISTICS OF HUMAN SERVICE ORGANIZATION :

Human service organizations possess certain characteristics that distinguish them from other types of organizations. Here are some key characteristics of human service organizations:

1. **Mission and Purpose :** Human service organizations have a clear mission and purpose centered around addressing social issues, improving the well-being of individuals and communities, and promoting social justice. They are driven by a commitment to serving others and creating positive social change.

2. **Client-Centered Approach :** Human service organizations prioritize the needs and interests of the individuals they serve. They employ a client-centered approach, recognizing the unique circumstances, strengths, and challenges of each person. Services and programs are tailored to meet the specific needs of clients to promote their self-determination and empowerment.

3. **Holistic Approach :** Human service organizations adopt a holistic approach to address the multifaceted needs of individuals and communities. They recognize that social issues are often interconnected and that providing comprehensive support across various domains such as education, healthcare, housing, employment, and mental health is crucial for achieving positive outcomes.

4. **Collaborative and Partnership-Oriented :** Human service organizations often collaborate and partner with other agencies, community organizations, and stakeholders to maximize their impact and resources. They recognize the importance of collaboration in addressing complex social issues, sharing knowledge and expertise, and leveraging collective efforts for greater effectiveness.

5. **Ethical Standards and Professionalism :** Human service organizations adhere to ethical standards and principles in their operations. They prioritize the well-being and rights of individuals, maintain confidentiality and privacy, and ensure fairness and equity in service provision. They employ trained professionals who uphold professional codes of conduct and engage in ongoing learning and development.

6. **Advocacy and Social Justice :** Human service organizations often engage in advocacy efforts to address systemic issues and promote social justice. They work towards eliminating social inequalities, challenging discriminatory practices, and advocating for policy changes that benefit the populations they serve. They strive to give a voice to marginalized communities and empower individuals to advocate for their own rights.

7. **Outcome-Oriented and Evidence-Informed :** Human service organizations emphasize the importance of outcomes and evidence-informed practices. They use data and research to inform their decision-making, monitor the effectiveness of their programs and services, and continuously improve their approaches to achieve positive outcomes for their clients.

8. **Sustainability and Resource Mobilization :** Human service organizations are mindful of sustainability and resource mobilization. They diversify their funding sources, seek grants and donations, and develop strategies for long-term financial stability. They also engage in resource mobilization efforts, including community partnerships, volunteer recruitment, and in-kind support.

These characteristics collectively shape the nature of human service organizations and guide their operations in addressing social needs, supporting individuals, families, and communities, and promoting social well-being.

1.7 TYPES OF HUMAN SERVICE ORGANISATION :

There are various types of human service organizations, each focused on addressing specific needs and populations. Here are some common types:

1. **Non profit Organizations :** Non profit human service organizations operate on a not-for-profit basis and are dedicated to providing services, support, and resources to individuals, families, or communities in need. They often rely on donations, grants, and fundraising efforts to sustain their operations.

2. **Government Agencies :** Government-funded human service organizations are typically established and operated by government entities at the local, state, or national level. These organizations receive funding from tax revenue and are responsible for delivering social services to the public.

3. **Community-Based Organizations :** Community-based human service organizations are rooted in specific communities or neighbourhoods. They are often created and led by community members to address local needs, such as youth development, housing assistance, or cultural preservation.

4. **Advocacy Groups :** Advocacy organizations focus on promoting the rights and well-being of specific populations or addressing social issues. They work to raise awareness, advocate for policy changes, and provide support and resources to individuals or communities affected by those issues.

5. **Mental Health and Counselling Centres :** These organizations specialize in providing mental health services, counselling, therapy, and support to individuals dealing with mental health challenges, substance abuse issues, or other emotional concerns.

6. **Social Service Agencies :** Social service agencies offer a wide range of support and assistance programs to individuals and families facing various difficulties, such as poverty, homelessness, domestic violence, or unemployment. They provide case management, referrals, and access to resources to help people overcome these challenges.

7. **Child and Family Welfare Agencies :** These organizations focus on the well-being, safety, and development of children and families. They may provide child protection services, foster care, adoption services, parenting support, and family counselling.

8. **Healthcare Organizations :** Healthcare-focused human service organizations include hospitals, clinics, and healthcare centers that provide medical care, preventive services, and support to individuals and communities. They may offer specialized programs for specific health conditions or populations.

9. **Disability Service Providers :** These organizations focus on supporting individuals with disabilities by offering advocacy, accessibility initiatives, assistive technology, specialized programs, and community integration services.

10. **Aging and Elder Care Organizations :** These organizations provide services and resources to support the elderly population, including healthcare, assisted living facilities, home care, and programs to combat social isolation.

These are just a few examples of the types of human service organizations that exist. Each organization may have a specific focus or target population, but they all share the common goal of improving the well-being and quality of life for individuals, families, and communities in need.

- **Characteristics :**

1.Non-governmental organizations : (NGOs) exhibit a range of characteristics that distinguish them from other types of organizations. Here are some common characteristics of NGOs:

- **Non-profit Orientation :** NGOs are typically non-profit organizations, meaning their primary focus is on advancing a social or humanitarian cause rather than generating profits for stakeholders.
- **Mission-Driven :** NGOs are driven by a specific mission or purpose that addresses a social issue, promotes social change, or provides assistance to a particular group or community. Their activities and initiatives are aligned with their mission.
- **Independence :** NGOs are independent entities that operate outside of government control or ownership. This independence allows NGOs to work autonomously and advocate for causes without direct political influence.
- **Voluntary Participation :** NGOs often rely on voluntary participation, with individuals willingly joining and contributing their time, skills, and resources to advance the organization's mission. Volunteers may serve on boards, work directly with beneficiaries, or provide support in various capacities.
- **Grassroots and Community Orientation :** Many NGOs have a grassroots approach, meaning they work directly with local communities and individuals at the grassroots level. They understand the needs and aspirations of the community and involve them in decision-making processes.
- **Social Value Creation :** NGOs focus on creating social value and making a positive impact on society. Their activities may include providing services, advocating for policy changes, promoting awareness and education, or implementing development projects.
- **Public Benefit :** NGOs are oriented towards benefiting the public or a specific target group rather than private interests. Their work is driven by a desire to address social issues, improve living conditions, and enhance the well-being of individuals and communities.
- **Accountability and Transparency :** NGOs often adhere to principles of accountability and transparency, ensuring that their operations, finances, and decision-making processes are open to scrutiny. They may publish annual reports, maintain clear governance structures, and demonstrate responsible use of resources.
- **Advocacy and Activism :** NGOs frequently engage in advocacy and activism to promote social justice, human rights, and policy changes. They work to raise awareness, influence public opinion, and advocate for the rights and needs of marginalized groups.
- **Collaboration and Networking :** NGOs often collaborate with other organizations, both within the non-profit sector and with governmental and private entities, to leverage resources, expertise, and collective efforts. Networking and partnerships are crucial for maximizing impact and addressing complex social issues.

It's important to note that NGOs can vary in size, scope, and focus areas, leading to some variations in their characteristics. However, these characteristics collectively contribute to the unique role NGOs play in addressing social needs, promoting social change, and advocating for the well-being of communities and individuals.

2. Government agencies : as entities established by the government to perform specific functions and deliver public services, exhibit certain characteristics. Here are some common characteristics of government agencies:

- **Authority :** Government agencies derive their authority and legitimacy from the government that establishes and empowers them. They have the legal authority to enforce regulations, make and implement policies, and administer programs and services.

- **Public Service Mandate :** Government agencies are tasked with serving the public interest and addressing public needs. They are responsible for delivering essential services, implementing public policies, and ensuring the welfare and safety of citizens.
- **Accountability :** Government agencies are accountable to the government, the public, and other relevant stakeholders. They are expected to act in accordance with laws, regulations, and established procedures, and to be transparent in their operations and decision-making processes.
- **Hierarchical Structure :** Government agencies often have a hierarchical organizational structure with clearly defined roles, responsibilities, and reporting lines. Decision-making authority flows from higher-level officials to lower-level staff members.
- **Bureaucracy :** Government agencies typically operate within a bureaucratic framework characterized by formal rules, procedures, and regulations. This bureaucratic structure is intended to ensure consistency, fairness, and efficiency in the delivery of public services.
- **Funding and Resource Dependence :** Government agencies rely on government funding and resources to carry out their functions. They may have budgetary constraints and need to manage their resources effectively to full fill their mandates.
- **Policy Implementation :** Government agencies play a crucial role in implementing government policies and translating them into concrete actions. They are responsible for executing and enforcing laws, regulations, and programs at the operational level.
- **Public Oversight :** Government agencies are subject to public scrutiny and oversight. They may be required to provide regular reports, engage in public consultations, and respond to inquiries and concerns from the public and elected officials.
- **Political Environment :** Government agencies operate within a political environment and are influenced by political factors such as changing governments, policy priorities, and public sentiment. They need to adapt to changing political dynamics while maintaining their core functions and responsibilities.
- **Public Administration :** Government agencies are part of the broader field of public administration, which involves the management and implementation of public policies and programs. They employ professionals with expertise in public administration, policy analysis, and program management.

It's important to note that the characteristics of government agencies can vary across different countries and contexts. The specific legal frameworks, organizational structures, and functions of government agencies may differ based on the political system, governance practices, and administrative traditions of each country.

3. Community-based organizations (CBOs) : These are grassroots entities that are formed and operated by members of a specific community to address local needs and promote community well-being. Here are five characteristics commonly associated with community-based organizations:

- **Community-Driven :** CBOs are rooted in the community they serve and are driven by the needs, aspirations, and priorities of that community. They actively involve community members in decision-making processes, ensuring their voices are heard and their perspectives are considered.
- **Locally Embedded :** CBOs are deeply embedded within the community they serve. They have a strong understanding of the local context, culture, and social dynamics,

allowing them to tailor their programs and services to the specific needs of the community.

- **Volunteerism and Grassroots Participation :** CBOs often rely on volunteers from the community to contribute their time, skills, and resources. Volunteerism is a key characteristic of CBOs, as community members come together to actively participate in the organization's activities and initiatives.
- **Empowerment and Capacity Building :** CBOs aim to empower individuals and communities by building their skills, knowledge, and capacity to address local challenges. They provide opportunities for community members to develop leadership skills, gain knowledge in specific areas, and take ownership of community development initiatives.
- **Collaboration and Networking :** CBOs recognize the value of collaboration and networking with other community organizations, local stakeholders, and external partners. They form partnerships to leverage resources, share expertise, and amplify their impact. Collaborative efforts allow CBOs to work collectively towards common goals and maximize their reach and effectiveness.

It's important to note that the characteristics of community-based organizations may vary depending on the specific community, context, and focus area. However, these characteristics reflect the grassroots nature and community-driven approach that distinguishes CBOs and their important role in addressing local needs, fostering community development, and promoting social change.

➢ Characteristics of other organizations are as follows :

Characteristics of Advocacy Groups:

- Focus on specific causes or issues, such as human rights, environmental protection, or social justice.
- Promote policy changes and social reforms through lobbying, public awareness campaigns, and grassroots mobilization.
- Advocate for the rights and interests of marginalized groups or communities.
- Engage in research, education, and community organizing to raise awareness and promote change.
- Often rely on volunteers and community support to advance their advocacy efforts.

2. Characteristics of Mental Health and Counseling Centers :

- Provide professional mental health services, including counseling, therapy, and psychiatric care.
- Offer a range of therapeutic interventions to address various mental health conditions and promote well-being.
- Employ qualified mental health professionals, such as psychologists, psychiatrists, and licensed counselors.
- Create a safe and confidential environment for individuals seeking support and treatment.
- Collaborate with other healthcare providers and community organizations to ensure holistic care for clients.

3. Characteristics of Social Service Agencies :

- Provide a wide range of social services and support to individuals and families in need.
- Address various social issues, such as poverty, homelessness, domestic violence, and substance abuse.

- Offer case management, counseling, financial assistance, and referrals to community resources.
- Collaborate with government agencies, nonprofits, and community organizations to coordinate services and maximize impact.
- Advocate for systemic changes to improve social welfare and reduce inequalities

4. Characteristics of Child and Family Welfare Agencies :
- Focus on the well-being, safety, and development of children and families.
- Provide support services, such as child protection, foster care, adoption, family counselling, and parenting education.
- Collaborate with legal and judicial systems to ensure child welfare and protection.
- Conduct assessments, investigations, and interventions to address child abuse, neglect, or other family challenges.
- Promote family preservation, reunification, and the overall welfare of children.

5. Characteristics of Health Organizations :
- Provide medical services, preventive care, and health education to individuals and communities.
- Include hospitals, clinics, community health centers, and public health agencies.
- Employ healthcare professionals, including doctors, nurses, and allied health staff.
- Offer a range of healthcare services, from primary care to specialized treatments and interventions.
- Collaborate with other healthcare providers, government agencies, and community organizations to improve public health and well-being.

6. Characteristics of Disability Service Providers :
- Focus on supporting individuals with disabilities to enhance their independence, inclusion, and quality of life.
- Offer a range of services, such as vocational training, assistive technology, personal care, and advocacy.
- Employ professionals with expertise in disability support, such as occupational therapists, special educators, and social workers.
- Collaborate with disability organizations, government agencies, and employers to promote accessibility and equal opportunities.
- Tailor services to meet the unique needs and goals of individuals with disabilities.

7. Characteristics of Aging and Elder Care Organizations :
- Specialize in providing services and support to older adults and elderly individuals.
- Offer aging-in-place services, assisted living, nursing homes, and home care.
- Address issues related to healthcare, housing, socialization, and overall well-being in older age.
- Employ geriatric specialists, nurses, social workers, and other professionals with expertise in elder care.
- Collaborate with community organizations, healthcare providers, and government agencies to ensure comprehensive care and support for seniors.

It's important to note that the characteristics mentioned above may vary across different organizations within each category. The specific focus, size, and approach of these entities can vary based on their mission, resources, and target population.

1.8 SUMMARY :

❖ Human service organizations are dedicated to supporting and assisting individuals, families, and communities in addressing their social, emotional, and practical needs. They operate with a service-oriented approach, prioritizing the well-being and dignity of those they serve. These organizations embrace a human-cantered focus, recognizing the inherent worth and rights of every person and striving to promote social justice.

❖ The nature of human service organizations is characterized by a holistic perspective, acknowledging the interconnectedness of social issues and providing a range of services to address various dimensions of well-being. They engage in both prevention and intervention efforts, working to prevent social problems and providing direct support during crises or ongoing challenges.

❖ Advocacy and social change are key aspects of human service organizations. They actively advocate for policies and practices that advance social justice, equity, and inclusivity.

❖ Collaboration and partnerships are essential, as these organizations recognize the importance of working with other stakeholders to maximize resources, share expertise, and coordinate services.

❖ Continuous learning and improvement are fundamental to human service organizations. They strive to stay informed about emerging trends and best practices, using evidence-based approaches to enhance the effectiveness of their services.

❖ Ethical practice is emphasized, guiding interactions with clients, maintaining confidentiality, and promoting integrity.

❖ Overall, human service organizations embody a commitment to serving others, promoting well-being, and creating positive social change. They are driven by a deep understanding of the complex needs of individuals and communities and work tirelessly to provide support, resources, and empowerment to improve their quality of life.

1.9 KEY WORDS :

i. Social welfare,
ii. Service,
iii. Organization,
iv. Human,
v. Needs,
vi. Support,
vii. Purpose,
viii. Well-being,
ix. Resources,
x. Individuals,
xi. Communities.

1.10 EXERCISE :

1. Define Human service organisation.
2. Explain nature and role of human service organisation.

3. Describe the characteristics of human service organisations.
4. What is human service organisation and explain its types?

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LESSON – 2
SOCIAL RESPONSE TO SOCIAL NEEDS

OBJECTIVES :

The objective of this lesson is to make the student understand the concepts of social needs and social response and how individuals respond to the social needs.

CONTENTS :

2.1 INTRODUCTION :

Social response to social needs refers to the collective actions and initiatives taken by individuals, communities, organizations, and governments to address the various challenges and requirements faced by individuals and communities within a society. It recognizes that social needs arise from structural inequalities, systemic issues, and the complexities of human experiences. The goal of social response is to improve the well-being, equity, and overall quality of life for those who are experiencing social challenges.

Social needs encompass a wide range of areas, including but not limited to access to basic necessities, such as food, housing, healthcare, education, employment opportunities, social connection, safety, and cultural expression. These needs arise from factors such as poverty, discrimination, inequality, social exclusion, and inadequate social support systems.

Social response involves proactive efforts to address these needs and create positive change. It encompasses a variety of approaches, including service provision, advocacy, community development, policy changes, capacity building, collaboration, and research. It recognizes that addressing social needs requires not only immediate interventions but also long-term solutions that tackle underlying causes and promote social justice.

At an individual level, social response involves acts of compassion, empathy, and volunteerism. Individuals may contribute their time, skills, and resources to support those in need, whether through direct service provision or advocacy for systemic change.

At a community level, social response involves mobilizing collective action, fostering social cohesion, and building community resilience. Communities come together to identify and address local needs, establish support networks, and create opportunities for collaboration and empowerment.

Organizations play a crucial role in social response. Nonprofit organizations, social service agencies, and community-based organizations often provide direct services, advocacy, and programs that address social needs. They work in partnership with other stakeholders to maximize their impact and create sustainable solutions.

Government entities have a significant responsibility in social response as well. They develop policies, allocate resources, and provide social welfare programs and services to address the needs of their citizens. Governments also have the power to enact systemic changes, promote social inclusion, and ensure equitable access to opportunities and resources.

Social response is an ongoing and evolving process. It requires continuous learning, adaptation, and collaboration among all stakeholders. By addressing social needs, society can strive towards a more equitable and inclusive future, where all individuals and communities have the opportunity to thrive and reach their full potential.

2.2 DEFINITIONS OF SOCIAL NEEDS :

Social needs are fundamental requirements and desires that individuals and communities have within a social context. These needs arise from the interaction between individuals and society, influenced by cultural, economic, and environmental factors. They are shaped by the understanding that individuals are social beings and require certain conditions for their well-being and fulfilment. Here are definitions of various social needs:

1. **Basic Needs :** Basic needs refer to the essential requirements for survival and physical well-being, such as access to food, clean water, shelter, clothing, and healthcare.

2. **Safety and Security Needs :** Safety and security needs encompass the desire for personal and community safety, protection from violence, crime, and threats, and the establishment of stable and secure environments.

3. **Social Connection and Belonging :** Social connection and belonging needs involve the desire for meaningful relationships, social interaction, a sense of belonging to a community or group, and the experience of acceptance and inclusion.

4. **Esteem and Recognition :** Esteem and recognition needs relate to the desire for self-worth, respect from others, recognition of achievements, and a positive self-image. These needs encompass feelings of competence, achievement, and a sense of contribution to society.

5. **Education and Skill Development :** Education and skill development needs involve access to quality education and learning opportunities that enable personal growth, skill acquisition, and knowledge development necessary for employment and social participation.

6. **Employment and Economic Security :** Employment and economic security needs include access to decent and fulfilling work, fair wages, employment opportunities, economic stability, and financial security.

7. **Health and Wellness :** Health and wellness needs pertain to physical and mental well-being, access to healthcare services, preventive care, mental health support, and the promotion of healthy lifestyles.

8. **Cultural Expression and Identity :** Cultural expression and identity needs encompass the preservation and expression of cultural heritage, the recognition of individual and collective identities, and the freedom to participate in cultural activities and practices.

9. **Civic Engagement and Participation :** Civic engagement and participation needs involve the opportunity to engage in the democratic process, participate in decision-making, advocate for one's rights, and contribute to the betterment of society.

Recognizing and addressing social needs is crucial for promoting social justice, equality, and the overall well-being of individuals and communities. It involves ensuring access to resources, services, and opportunities that enable individuals to meet these needs and thrive in society.

2.3 DEFINITIONS OF SOCIAL RESPONSE :

Social response refers to the actions, initiatives, and strategies implemented by individuals, communities, organizations, and governments in response to social challenges, issues, or crises. It involves recognizing the needs and concerns of individuals and communities and developing appropriate measures to address them effectively. Here are definitions of different types of social responses:

1. **Individual Social Response :** Individual social response refers to the actions taken by individuals in addressing social issues or challenges. It can include personal efforts such as volunteering, charitable donations, advocacy, or adopting sustainable practices in daily life.

2. **Community Social Response :** Community social response involves collective actions taken by a group of individuals within a community to address social issues or challenges. It may include community-based initiatives, grassroots movements, mutual aid networks, or collaborative efforts to improve local conditions and support community members.

3. **Organizational Social Response :** Organizational social response refers to the actions and initiatives undertaken by organizations, such as nonprofits, businesses, or government agencies, to address social issues. It includes the development and implementation of programs, projects, and policies aimed at promoting social change, addressing community needs, or advancing social justice.

4. **Government Social Response :** Government social response encompasses the actions and policies implemented by governments at various levels (local, regional, national) to address social challenges. It involves the allocation of resources, legislation, regulations, and public services aimed at improving social conditions, providing social safety nets, and promoting equitable opportunities for citizens.

5. **Social Service Response :** Social service response refers to the provision of specific services and supports by organizations or agencies to address social needs. This can include services in areas such as healthcare, education, housing, employment assistance, mental health support, and social welfare programs designed to meet the needs of individuals and communities.

6. **Emergency Social Response :** Emergency social response involves the immediate actions taken in response to crises or disasters that impact individuals or communities. It includes emergency management, disaster relief efforts, humanitarian aid, and rapid response measures aimed at providing immediate assistance, protection, and support to those affected.

7. **Policy and Advocacy Response :** Policy and advocacy response involves efforts to influence policies and systems to address social issues at a broader level. It includes policy advocacy, lobbying, research, and public campaigns aimed at raising awareness, influencing legislation, and promoting social change to address root causes of social problems.

These various forms of social responses highlight the importance of proactive and collective efforts to address social challenges, promote well-being, and create positive social change. Social responses can take many different forms and involve multiple stakeholders working together to improve conditions and ensure a more equitable and inclusive society.

2.4 SOCIAL RESPONSE TO SOCIAL NEEDS :

Social response to social needs involves the actions and initiatives taken by individuals, communities, organizations, and governments to address and meet the social needs of individuals and communities. These responses aim to improve the well-being, equity, and overall quality of life for those experiencing social challenges. Here are some common social responses to social needs:

1. **Service Provision :** Social responses often involve the provision of direct services to meet specific social needs. This can include services such as food assistance programs, healthcare services, housing support, counselling and mental health services, educational programs, employment assistance, and other forms of practical support.

2. **Advocacy and Awareness :** Social responses may include advocacy efforts to raise awareness about social needs and the underlying causes contributing to them. This can involve advocating for policy changes, mobilizing public support, and engaging in public campaigns to address systemic issues and promote social justice.

3. **Community Development :** Social responses often focus on community development and empowerment. This can include community-based initiatives that foster community engagement, social cohesion, and collaborative problem-solving. Examples include community centers, neighbourhood associations, community gardens, and programs that encourage community involvement and participation.

4. **Policy and Systemic Changes :** Social responses may involve advocating for policy and systemic changes to address social needs. This can include lobbying for legislation, promoting equitable policies, and working to eliminate systemic barriers that perpetuate social inequality and exclusion.

5. **Capacity Building and Skill Development :** Social responses may include programs and initiatives that focus on building the capacity and skills of individuals and communities to address their own social needs. This can involve providing training, education, and resources that empower individuals to become more self-reliant and actively participate in their own social and economic well-being.

6. **Collaboration and Partnership :** Social responses often emphasize collaboration and partnership between various stakeholders, including governments, nonprofits, businesses, and community organizations. By working together, these entities can pool resources, expertise, and networks to address social needs more effectively and efficiently.

7. **Research and Evaluation :** Social responses may involve conducting research and evaluation to better understand social needs, assess the impact of interventions, and inform evidence-based practices. Research and evaluation help in identifying effective strategies and approaches to address social needs and continuously improve the outcomes of social response efforts.

By implementing these social responses, individuals, communities, organizations, and governments can contribute to creating positive change, improving social conditions, and addressing the diverse range of social needs experienced by individuals and communities.

2.5 ORGANISATIONAL SOCIAL RESPONSE TO SOCIAL NEEDS :

Organizational social response to social needs refers to the actions, initiatives, and strategies implemented by organizations to address the social challenges and needs of individuals and communities. These organizations can be nonprofits, businesses, government agencies, or other entities that have a mission or responsibility to contribute to the well-being of society. Organizational social response involves leveraging resources, expertise, and

influence to make a positive impact on social issues. Here are some key aspects of organizational social response:

1. **Mission Alignment :** Organizations align their mission and purpose with addressing social needs. They recognize the social responsibility and commit to using their resources and capabilities to contribute to social well-being and positive change.

2. **Service Provision :** Organizations provide direct services and programs that address social needs. This can include offering healthcare services, education and skill development programs, housing assistance, employment training, counselling, and other support services tailored to specific social challenges.

3. **Advocacy and Policy Influence :** Organizations engage in advocacy efforts to influence policies and systems that affect social needs. They work to raise awareness, shape public opinion, and advocate for changes in legislation, regulations, and practices to address the root causes of social issues and promote social justice.

4. **Partnerships and Collaboration :** Organizations form partnerships and collaborate with other stakeholders to maximize their impact and resources. This can involve partnering with community organizations, government agencies, businesses, and other nonprofits to leverage expertise, share resources, and coordinate efforts in addressing social needs.

5. **Innovation and Research :** Organizations engage in research and innovation to identify new approaches and solutions to social needs. They conduct studies, pilot programs, and evaluate the effectiveness of interventions to continuously improve their services and contribute to evidence-based practices.

6. **Corporate Social Responsibility :** Businesses and corporations have corporate social responsibility (CSR) initiatives that address social needs. They may implement sustainable and ethical practices, engage in philanthropy, support community development projects, or establish employee volunteer programs to make a positive impact on society.

7. **Social Impact Measurement :** Organizations measure and evaluate their social impact to assess the effectiveness of their interventions. They use metrics and indicators to track progress, identify areas for improvement, and communicate the outcomes and benefits of their social response efforts.

Organizational social response is essential in addressing social needs, as these entities bring resources, expertise, and a structured approach to making a significant impact. By aligning their mission, providing services, advocating for change, collaborating with stakeholders, and measuring their impact, organizations play a crucial role in contributing to a more equitable and inclusive society.

2.6 CORPORATE SOCIAL RESPONSIBILITY :

Corporate Social Responsibility (CSR) refers to the ethical and responsible conduct of businesses towards society and the environment. It is a voluntary commitment by organizations to go beyond legal obligations and contribute to sustainable development, societal well-being, and environmental stewardship.

CSR involves integrating social, environmental, and ethical concerns into business strategies, decision-making processes, and operations. It encompasses various dimensions, including:

1. **Environmental Responsibility :** Organizations strive to minimize their negative impact on the environment by adopting sustainable practices, reducing greenhouse gas emissions, conserving resources, promoting recycling and waste reduction, and supporting environmental conservation initiatives.

2. **Social Responsibility :** Organizations aim to address societal issues and contribute positively to communities. This can include initiatives such as supporting education and skill development programs, promoting diversity and inclusion, ensuring fair labor practices, respecting human rights, and engaging in philanthropic activities.

3. **Economic Responsibility :** Organizations have a responsibility to create economic value and contribute to economic development. This involves operating ethically, creating job opportunities, fostering innovation, and promoting economic growth in the regions where they operate.

4. **Stakeholder Engagement :** CSR emphasizes engaging and considering the interests and perspectives of stakeholders such as employees, customers, suppliers, local communities, and shareholders. Organizations seek to build mutually beneficial relationships, address stakeholder concerns, and promote transparency and accountability.

5. **Ethical Practices :** CSR promotes ethical behaviour and integrity in business operations. This includes adhering to legal and regulatory frameworks, practicing fair and ethical trade, ensuring product safety and quality, and maintaining responsible marketing and advertising practices.

Implementing CSR initiatives can benefit organizations in multiple ways, including enhanced reputation, increased customer loyalty, improved employee morale and productivity, reduced operational risks, access to new markets, and long-term sustainability.

It's important to note that CSR is a dynamic concept and can vary across organizations and industries. The specific CSR initiatives undertaken by organizations depend on their unique circumstances, stakeholder expectations, and industry-specific challenges.

- **Characteristics of Corporate Social Responsibility :**

The characteristics of Corporate Social Responsibility (CSR) can vary depending on the context and approach taken by different organizations. However, there are several key characteristics that are commonly associated with CSR initiatives. These include:

➢ **Voluntary Commitment :** CSR is a voluntary initiative undertaken by organizations. It goes beyond legal requirements and reflects a proactive commitment to contribute to society and the environment.

➢ **Stakeholder Orientation :** CSR recognizes the importance of engaging and considering the interests of various stakeholders, including employees, customers, communities, suppliers, investors, and governments. It involves understanding their needs, expectations, and concerns and incorporating them into decision-making processes.

➢ **Sustainability Focus :** CSR emphasizes sustainable development, which involves meeting the needs of the present without compromising the ability of future generations to meet their own needs. It involves considering long-term social, environmental, and economic impacts and taking actions that promote sustainable practices.

➢ **Integration into Business Strategy :** Effective CSR is integrated into the core business strategy and operations of an organization. It is not an isolated activity but permeates throughout the organization, guiding decision-making, resource allocation, and day-to-day practices.

➢ **Accountability and Transparency :** CSR encourages organizations to be accountable for their actions and impacts. This includes transparent reporting on CSR initiatives, goals, progress, and outcomes. Accountability helps build trust and credibility with stakeholders.

➢ **Ethical Behaviour :** CSR promotes ethical behaviour and responsible business practices. It involves operating with integrity, honesty, and fairness in all interactions, respecting human rights, and complying with laws and regulations.

➢ **Multi-Stakeholder Collaboration :** CSR recognizes the importance of collaboration and partnerships with external stakeholders, such as NGOs, government agencies, academia, and community organizations. These collaborations leverage collective resources, expertise, and knowledge to address complex social and environmental challenges.

➢ **Continuous Improvement :** CSR is a journey of continuous improvement. Organizations strive to set ambitious goals, measure their performance, and seek ways to enhance their positive impact and mitigate negative effects over time.

It's important to note that the characteristics of CSR can vary across industries, regions, and organizational cultures. CSR initiatives are often tailored to the specific needs, priorities, and capacities of each organization, while aligning with global sustainability goals and societal expectations.

- **Need for CSR :**

The need for Corporate Social Responsibility (CSR) arises from various factors and considerations that highlight the importance of businesses taking responsibility for their impacts on society and the environment. Some key reasons for the need of CSR are:

➢ **Ethical Imperative :** Businesses have a moral obligation to act ethically and contribute to the well-being of society. As influential actors in society, organizations should operate in a manner that respects human rights, promotes fairness, and addresses social and environmental challenges.

➢ **Reputation and Stakeholder Expectations :** CSR is crucial for building and maintaining a positive reputation among stakeholders. Consumers, employees, investors, and communities increasingly expect businesses to operate responsibly and make a positive impact. Organizations that neglect CSR may face reputational risks, loss of trust, and potential backlash from stakeholders.

➢ **Risk Mitigation :** Integrating CSR practices helps organizations identify and mitigate potential risks. Environmental, social, and governance (ESG) factors can impact a company's financial performance and sustainability. By proactively managing these risks, organizations can enhance their resilience and long-term viability.

➢ **Competitive Advantage :** CSR can provide a competitive advantage by differentiating organizations in the market. Consumers are increasingly drawn to socially responsible brands, and employees seek purposeful work environments. CSR initiatives can attract and retain talent, enhance brand value, and foster customer loyalty.

➢ **Regulatory Compliance :** Governments and regulatory bodies are increasingly mandating CSR practices. Organizations need to comply with laws and regulations related to environmental protection, labour standards, human rights, and consumer safety. By embracing CSR, organizations can proactively meet these requirements and mitigate legal risks.

➢ **Addressing Societal Challenges :** CSR allows businesses to contribute to solving pressing societal challenges. By aligning their expertise, resources, and influence, organizations can address issues such as poverty, inequality, climate change, and community development. CSR initiatives can drive positive change and contribute to sustainable development goals.

➢ **Long-term Sustainability :** Embracing CSR can lead to long-term sustainability and business resilience. By considering environmental impacts, resource efficiency, and

social factors, organizations can reduce costs, enhance operational efficiency, and anticipate changing market demands.

➤ **License to Operate :** In many industries, businesses require social acceptance and a "license to operate" from the communities and societies they operate in. Demonstrating a commitment to CSR helps build positive relationships with local communities, regulators, and other stakeholders, enabling smoother operations and partnerships.

By recognizing the need for CSR and integrating responsible practices, organizations can contribute to a more sustainable and inclusive society while benefiting their own long-term success.

2.7 COMMUNITY SOCIAL RESPONSIBILITY :

Community social responsibility, also known as community engagement or community involvement, refers to the active participation and commitment of businesses or organizations in contributing to the well-being and development of the communities in which they operate. It goes beyond the traditional focus on corporate social responsibility (CSR) and extends to the broader responsibilities and impacts an organization has on its local community. Community social responsibility recognizes the interconnectedness between businesses and the communities they serve and seeks to foster positive social, economic, and environmental outcomes.

Key elements and characteristics of community social responsibility include :

1. **Collaboration :** Community social responsibility emphasizes collaboration and partnerships between businesses, organizations, and community stakeholders. It involves working together to address community needs, leverage resources, and create sustainable solutions. Collaboration ensures that community efforts are inclusive, representative, and responsive to local needs.

2. **Local Impact :** Community social responsibility focuses on making a positive impact at the local level. This can include initiatives that address social issues, support local economic development, enhance education and healthcare services, promote environmental sustainability, or contribute to cultural enrichment. The aim is to improve the overall quality of life and well-being of community members.

3. **Stakeholder Engagement :** Effective community social responsibility involves engaging and involving community stakeholders in decision-making processes. This includes consulting with community members, organizations, and leaders to understand their needs, priorities, and aspirations. Engaging stakeholders fosters trust, ensures relevance, and strengthens the legitimacy of community initiatives.

4. **Long-Term Commitment :** Community social responsibility is not a one-time event or a short-term project. It requires a long-term commitment and sustained efforts to drive positive change in the community. Organizations that practice community social responsibility demonstrate ongoing dedication to community development, regularly assess the impact of their initiatives, and adapt strategies based on evolving community needs.

5. **Empowerment and Capacity Building :** Community social responsibility promotes empowerment and capacity building within the community. It involves supporting community members to develop their skills, knowledge, and resources, enabling them to actively participate in decision-making processes and take ownership of community development initiatives. Empowering the community contributes to sustainable and self-reliant outcomes.

6. **Measurement and Accountability :** Effective community social responsibility involves establishing metrics and indicators to measure the impact of initiatives and programs. This includes tracking progress, evaluating outcomes, and transparently reporting on the social, economic, and environmental contributions made to the community. Accountability ensures that organizations are held responsible for their commitments and that resources are effectively utilized.

Community social responsibility is a holistic approach that recognizes the role and responsibility of businesses and organizations in contributing to the well-being of their local communities. By actively engaging with communities and aligning their actions with community needs and aspirations, organizations can foster inclusive and sustainable development, build positive relationships, and enhance their social impact.

Definitions :

There is no standardized definition of Community Social Responsibility (CSR) as it is a relatively new and evolving concept. However, here are a few variations of definitions that capture the essence of community social responsibility:

➢ "Community Social Responsibility is the commitment of businesses and organizations to contribute to the sustainable development and well-being of the communities in which they operate. It involves active engagement, collaboration, and investment in initiatives that address social, economic, and environmental challenges at the local level." (World Business Council for Sustainable Development)

➢ "Community Social Responsibility refers to the ethical and responsible actions taken by businesses and organizations to positively impact and improve the lives of individuals, families, and communities in their operating areas. It encompasses initiatives that support community development, enhance social welfare, and foster inclusive growth." (Corporate Social Responsibility Institute)

➢ "Community Social Responsibility is the recognition and fulfilment of an organization's obligations and responsibilities towards the communities it operates in. It involves actively contributing to community development, supporting local causes, and addressing social and environmental issues to create sustainable and thriving communities." (Institute of Corporate Social Responsibility)

➢ "Community Social Responsibility encompasses the social and environmental obligations of businesses and organizations to the communities they serve. It involves engaging with stakeholders, understanding community needs, and implementing programs that bring about positive social change and lasting benefits for local residents." (Sustainable Communities South Australia)

These definitions highlight the commitment of businesses and organizations to go beyond their traditional role and actively engage in initiatives that contribute to the well-being and development of communities. Community social responsibility involves addressing social, economic, and environmental challenges through collaboration, investment, and responsible practices.

- **Need for Community Social Responsibility**

The need for community social responsibility arises from the recognition that businesses and organizations have a significant impact on the communities in which they operate. Here are some key reasons why community social responsibility is necessary:

1. **Social Impact :** Businesses and organizations have the potential to positively influence social issues and improve the well-being of community members. By actively engaging in community social responsibility, organizations can address

societal challenges such as poverty, inequality, education gaps, and healthcare disparities. They can contribute to the overall social progress and development of communities.

2. **Stakeholder Expectations :** Stakeholders, including customers, employees, investors, and local communities, increasingly expect businesses and organizations to demonstrate a commitment to social and environmental responsibility. Embracing community social responsibility helps organizations meet these expectations, build trust, enhance reputation, and foster strong relationships with stakeholders.

3. **Sustainable Development :** Community social responsibility aligns with the principles of sustainable development, which seek to balance economic growth, social progress, and environmental stewardship. By investing in community development and addressing social and environmental challenges, organizations contribute to long-term sustainable outcomes that benefit both the community and the organization.

4. **License to Operate :** Engaging in community social responsibility is often essential for organizations to obtain and maintain their license to operate. Governments, regulatory bodies, and local communities may have certain expectations and requirements for organizations to demonstrate their commitment to the community's well-being and adhere to responsible business practices.

5. **Shared Value Creation :** Community social responsibility allows organizations to create shared value by identifying opportunities that align their business goals with the needs and aspirations of the community. This approach recognizes that social and environmental issues can be addressed in ways that also benefit the organization, such as through innovation, new market opportunities, and enhanced brand reputation.

6. **Employee Engagement and Retention :** Emphasizing community social responsibility can boost employee morale, engagement, and satisfaction. Employees are often motivated by working for organizations that are socially responsible and contribute to meaningful causes. A strong commitment to community social responsibility can attract and retain talent, fostering a positive and motivated workforce.

7. **Resilient and Supportive Communities :** When organizations actively participate in community social responsibility, they help build resilient and supportive communities. By addressing social issues, supporting local initiatives, and investing in community development, organizations contribute to creating an environment where individuals and families can thrive, resulting in stronger, healthier, and more inclusive communities.

Overall, community social responsibility is essential for organizations to fulfill their role as responsible corporate citizens and make a positive impact on society. It aligns business objectives with social needs, enhances stakeholder relationships, and contributes to sustainable development and community well-being.

2.8 SUMMARY :

Social response can take various forms, including service provision, advocacy, community development, policy changes, capacity building, collaboration, and research. It aims to improve the well-being, equity, and overall quality of life for those experiencing social challenges.Individuals contribute to social response through acts of compassion, empathy, and volunteerism. Communities come together to address local needs, foster social cohesion, and empower their members. Organizations, including nonprofits, businesses, and government entities, play a crucial role by providing services, advocating for policy changes, and collaborating with stakeholders to maximize their impact.

Social response involves addressing immediate needs while also working towards long-term solutions that tackle underlying causes and promote social justice. It recognizes the importance of equity, inclusivity, and the active participation of all stakeholders in creating positive social change.

Through social response, individuals and communities are empowered, social issues are addressed, and systemic changes are made to ensure a more equitable and inclusive society. It requires ongoing learning, adaptation, and collaboration to effectively respond to evolving social challenges and promote the well-being of all members of society.

2.7 KEY WORDS :
1. Social response,
2. Social Needs,
3. Society,
4. Organisation,
5. Individual,
6. Social Change

2.8 EXERCISE :
1. Define social need and social response.
2. How does organization respond to social needs?
3. Explain Corporate Social responsibility.
4. Describe Characteristics of CSR and need for CSR.

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LESSON – 3
ORIGIN AND GROWTH OF ORGANISATIONS

OBJECTIVES :

The objective of this lesson is to make the student understand the concepts of organisation, their origin and growth, types of organisations.

CONTENTS :

3.1 INTRODUCTION :

An organization is a structured entity comprising individuals or groups of people who work together to achieve common goals. Organizations can take various forms, such as businesses, non-profit organizations, government agencies, educational institutions, or community groups. They are created to fulfil specific purposes, provide goods or services, or address societal needs.

- The purpose of an organization is often outlined in its mission statement, which defines its core values, objectives, and the impact it seeks to make. Organizations have structures and hierarchies that define roles, responsibilities, and decision-making processes. They typically have policies, procedures, and systems in place to guide their operations.
- Organizations have a distinct identity, which may include a name, logo, and brand image. They may also have a specific target audience or stakeholders they serve, such as customers, beneficiaries, employees, or the broader community.
- Organizations engage in various activities to achieve their goals, such as planning, resource allocation, strategic decision-making, implementation of initiatives, monitoring progress, and evaluation. They rely on human resources, financial resources, and other assets to carry out their work.
- Organizations operate within legal and regulatory frameworks and are subject to compliance requirements based on their nature and jurisdiction. They may have governing boards, leadership teams, or management structures responsible for overseeing operations and ensuring accountability.
- Effective organizations foster a positive organizational culture that promotes collaboration, communication, innovation, and continuous improvement. They strive to create a supportive and inclusive work environment that empowers their members to contribute their skills, knowledge, and creativity.
- The success and sustainability of organizations depend on various factors, including effective leadership, sound financial management, strategic planning, adaptability to

changing environments, and the ability to meet the needs and expectations of their stakeholders.

• Overall, organizations are essential entities that bring people together to work towards common goals and fulfill specific purposes. They play a vital role in various sectors of society, driving economic growth, delivering essential services, advancing knowledge and innovation, and contributing to social progress.

3.2 DEFINITION OF ORGANISATION :

Here are various definitions of an organization given by different authors :

❖ **Peter Drucker :** "An organization is a social entity that is formed for the purpose of achieving specific goals by bringing together individuals who work together in a coordinated and structured manner."

❖ **Max Weber :** "An organization is a system of coordinated activities and efforts of two or more persons, characterized by a formal structure, division of labor, authority relationships, and common goals."

❖ **Émile Durkheim :** Durkheim viewed an organization as a "social fact" that represents the collective consciousness and shared values of its members. He emphasized the role of norms, roles, and social integration within organizations.

❖ **Peter Blau :** Blau defined an organization as "a set of individuals who engage in a cooperative effort to achieve specific goals through the division of labor and the coordination of activities."

❖ **Henri Fayol :** "An organization is a collection of people and resources brought together to achieve specific objectives through coordinated and planned efforts."

❖ **Chester Barnard :** "An organization is a system of consciously coordinated activities or forces of two or more persons."

❖ **Mary Parker Follett :** "An organization is a group of individuals who are united for the achievement of a common purpose through a process of coordination and cooperation."

❖ **Edgar Schein :** "An organization is a complex social system with interconnected elements, including individuals, roles, tasks, structures, culture, and goals, that work together to achieve desired outcomes."

❖ **Karl Weick :** "An organization is an ongoing process of sense-making and sense-giving among its members, involving the creation, interpretation, and enactment of shared meanings and beliefs."

These definitions highlight the common elements of an organization, such as the presence of individuals working together towards common goals, the existence of a formal structure, coordination of activities, and the pursuit of specific objectives. However, each author may emphasize different aspects or perspectives based on their own theoretical frameworks and research.

In the field of social work, organizations are understood as entities that provide social services, support, and interventions to individuals, families, groups, and communities. Here are some definitions of organizations in the context of social work:

National Association of Social Workers (NASW) : "An organization is a structured entity, typically a nonprofit agency, that is established to provide services, advocacy, or resources to individuals, families, or communities. These organizations play a vital role in addressing social issues, promoting social justice, and improving the well-being of vulnerable populations."

1. **Terry Mizrahi and Larry E. Davis :** "Organizations in social work are structures that bring together professionals, practitioners, and other stakeholders to address social problems, deliver social services, and advocate for social change. They provide

the framework for coordinated efforts and collaboration to improve the lives of individuals and communities."

2. **Malcolm Payne :** "Social work organizations are purposeful entities that exist to fulfill social work goals and objectives. They are responsible for the planning, coordination, and delivery of social services, as well as the development of policies and practices that promote social justice and enhance the well-being of clients and communities."

3. **Charles Zastrow and Karen Kirst-Ashman :** "In social work, organizations are formal structures that provide the infrastructure for delivering social services and interventions. They encompass a range of entities, including government agencies, nonprofit organizations, community-based organizations, and private practice settings."

These definitions highlight the role of organizations in social work as essential entities that facilitate the provision of services, advocacy, and social change efforts. Social work organizations operate within a professional framework, aiming to address social issues, support vulnerable populations, and promote social justice.

3.3 CHARACTERISTICS OF ORGANISATION :

Organizations possess certain characteristics that define their nature and functioning. Here are some key characteristics of organizations:

1. **Goal Orientation :** Organizations are established with specific goals or objectives in mind. These goals provide a sense of direction and purpose, guiding the activities and decision-making within the organization.

2. **Structure and Hierarchy :** Organizations have a formal structure that outlines the relationships, roles, and responsibilities of individuals within the organization. This structure often includes hierarchical levels of authority, with clear lines of reporting and decision-making.

3. **Division of Labor :** Organizations involve the division of tasks and responsibilities among members. This division of labor ensures specialization and efficiency, allowing individuals to focus on specific areas of expertise and contribute to the overall goals of the organization.

4. **Coordination and Communication :** Organizations require effective coordination and communication among members to ensure the smooth functioning of activities. Clear channels of communication, both formal and informal, facilitate the flow of information, decision-making, and collaboration.

5. **Policies and Procedures :** Organizations establish policies and procedures to provide guidelines for behavior, operations, and decision-making. These policies help maintain consistency, ensure compliance with regulations, and promote fairness and transparency within the organization.

6. **Organizational Culture :** Each organization has its own unique culture, consisting of shared values, beliefs, norms, and practices. The organizational culture influences the behavior, attitudes, and interactions of members and contributes to the overall identity and cohesion of the organization.

7. **Stakeholder Relationships :** Organizations exist within a broader environment and interact with various stakeholders, such as employees, customers, suppliers, shareholders, and the community. Building and managing positive relationships with stakeholders is crucial for the success and sustainability of the organization.

8. **Adaptability and Change :** Organizations must be adaptable and responsive to changes in the internal and external environment. They need to embrace innovation,

continuously learn and evolve, and be willing to adjust strategies and operations in the face of new challenges and opportunities.

9. **Legal and Ethical Compliance :** Organizations operate within legal frameworks and are expected to adhere to ethical standards. Compliance with laws and regulations ensures accountability and legitimacy, while ethical behavior promotes trust and integrity within the organization and in its interactions with stakeholders.

10. **Performance and Evaluation :** Organizations focus on performance and results. They set benchmarks, measure progress, and evaluate the effectiveness of their activities and strategies. Performance evaluation helps identify strengths, weaknesses, and areas for improvement.

It's important to note that the characteristics of organizations can vary depending on their size, sector, purpose, and cultural context. However, these characteristics provide a general understanding of the fundamental traits that define organizations and guide their operations.

3.4 ORIGIN OF ORGANIZATION :

The origin of organizations can be traced back to ancient civilizations, where rudimentary forms of structured entities emerged to facilitate collective efforts and achieve common goals. Here are key points regarding the origin of organizations:

1. **Early Human Societies :** The formation of organizations can be seen in early human societies where people lived in groups for survival and collective activities. These groups organized themselves based on shared goals and common interests, such as hunting, gathering, and protection.

2. **Agricultural Revolution :** The transition from hunter-gatherer societies to settled agricultural communities marked a significant development in the origin of organizations. With the advent of agriculture, people formed communities and cooperated to cultivate crops, raise livestock, and establish systems for resource distribution and governance.

3. **Emergence of City-States and Empires :** As human civilizations progressed, city-states and empires emerged, leading to more complex organizational structures. These entities had centralized authorities, governing bodies, and systems to administer territories, collect taxes, maintain armies, and enforce laws.

4. **Religious and Trade Organizations :** Ancient civilizations saw the rise of religious organizations and institutions that provided spiritual guidance, organized rituals, and facilitated community cohesion. Additionally, trade organizations and guilds were formed to regulate commercial activities, set standards, and protect the interests of merchants and artisans.

5. **Medieval Guilds and Craftsmen Associations :** During the Middle Ages, guilds played a crucial role in organizing economic activities. Guilds were associations of skilled craftsmen and merchants who regulated production, maintained quality standards, and provided training and support to their members.

6. **Colonial Companies and Trading Organizations :** With the expansion of trade and exploration during the Age of Discovery, colonial companies and trading organizations emerged. These entities, such as the British East India Company and the Dutch East India Company, were established to conduct overseas trade, manage colonies, and maximize profits.

7. **Industrial Revolution :** The Industrial Revolution in the 18th and 19th centuries brought about a significant transformation in the origin and growth of organizations. The establishment of factories, mechanization of production, and the rise of

capitalism led to the emergence of large-scale industrial organizations with formal structures, division of labor, and centralized management.

8. **Modern Corporations :** The development of corporations as legal entities with limited liability was a crucial development in the origin of organizations. Corporations allowed for the mobilization of capital from multiple investors and enabled businesses to operate on a larger scale. This paved the way for the growth of multinational corporations and the expansion of global business operations.

Throughout history, the origin of organizations has been driven by the need for cooperation, coordination, and achieving collective goals. From early human societies to modern corporations, organizations have played a fundamental role in social, economic, and political development, shaping the way humans work together and achieve common objectives.

The origin and growth of organizations is a complex and multifaceted topic that has evolved over centuries. This paper provides an overview of the origin and growth of organizations, highlighting key historical developments and trends up to the present day.

1. Ancient Civilizations : In ancient Mesopotamia, Egypt, Greece, and Rome, various forms of organizations emerged to facilitate economic activities, governance, and social structures. These included governmental bureaucracies, military hierarchies, religious institutions, and trade guilds. These early organizations were often characterized by hierarchical structures, division of labor, and centralized decision-making.

2. Early Industrial Era (Late 18th to 19th century) : The early industrial era saw the rise of large-scale organizations, particularly in manufacturing and mining sectors. These organizations were characterized by hierarchical structures, division of labor, and centralized decision-making. Industrialists such as Andrew Carnegie and John D. Rockefeller established massive corporations that dominated their respective industries.

3. Scientific Management and Bureaucracy (Late 19th to early 20th century) : During this period, Frederick Taylor introduced scientific management principles aimed at increasing efficiency and productivity. His ideas emphasized standardization, specialization, and the rationalization of work processes. At the same time, Max Weber developed the concept of bureaucracy as an ideal type of organization characterized by clear hierarchies, rules, and impersonal authority.

4. Human Relations and Organizational Behaviour (Mid-20th century) : The human relations movement, led by Elton Mayo and others, challenged the mechanistic view of organizations and highlighted the importance of human factors, such as motivation and interpersonal relationships, in organizational success. This era also witnessed the emergence of organizational behavior as a field of study, focusing on individual and group behaviour within organizations.

5. Systems Theory and Organizational Development (Mid-20th century) : Systems theory, popularized by scholars like Ludwig von Bertalanffy, viewed organizations as complex systems with interdependent parts. This approach emphasized the interconnectedness of various elements within organizations and the need for holistic approaches to organizational management. Organizational development (OD) emerged as a field dedicated to improving organizational effectiveness and promoting change.

6. Information Age and Knowledge Economy (Late 20th century to present) : The advent of the information age and the rise of technology have significantly impacted organizations. The development of computers, the internet, and digital technologies revolutionized communication, collaboration, and information management. Organizations embraced information systems, e-commerce, and data-driven decision-making to gain a competitive edge in the global marketplace.

7. Contemporary Organizational Trends : Several contemporary trends have shaped the growth of organizations in recent years. These include:

- **Globalization :** Organizations have expanded their operations across borders, leading to multinational corporations, global supply chains, and increased interconnectivity.
- **Organizational Diversity and Inclusion :** Organizations have recognized the value of diversity and inclusion, aiming to create inclusive work environments that embrace individuals from various backgrounds.
- **Sustainability and Corporate Social Responsibility (CSR) :** Organizations have become more conscious of their social and environmental impact, leading to a focus on sustainable practices and CSR initiatives.
- **Agile and Flexible Organizations :** Organizations have adopted more flexible structures and processes to adapt to rapidly changing markets and customer demands. Agile methodologies and flexible work arrangements have gained prominence.
- **Collaborative Networks and Virtual Organizations :** Technological advancements have facilitated the formation of virtual organizations and collaborative networks, enabling dispersed teams to work together.

3.5 GROWTH OF ORGANIZATION :

The growth of organizations has been influenced by various factors, including economic, technological, social, and political developments. Here are some key points regarding the growth of organizations:

1. **Industrial Revolution and Economic Expansion:** The Industrial Revolution, which began in the 18th century, fuelled the growth of organizations. The mechanization of production, mass production techniques, and the development of new industries led to the establishment of large-scale factories and businesses. The expansion of markets and trade further contributed to the growth of organizations.

2. **Globalization and Technological Advancements:** The 20th and 21st centuries witnessed rapid globalization and technological advancements, which significantly impacted the growth of organizations. Technological innovations, such as the advent of computers, the internet, and digital technologies, have revolutionized communication, information exchange, and business operations. This has allowed organizations to expand their reach, operate on a global scale, and leverage technology for efficiency and growth.

3. **Entrepreneurship and Innovation:** The growth of organizations is often driven by entrepreneurial spirit and innovation. Entrepreneurs identify opportunities, develop new products or services, and establish organizations to capitalize on those opportunities. Start-ups and small businesses contribute to the overall growth of the organizational landscape by bringing fresh ideas and disrupting existing markets.

4. **Mergers, Acquisitions, and Consolidation:** Organizations often grow through mergers, acquisitions, and consolidation. These activities involve combining resources, assets, and operations of multiple organizations to create larger and more powerful entities. Mergers and acquisitions allow organizations to expand their market share, diversify their offerings, and gain competitive advantages.

5. **Organizational Adaptation and Evolution:** Successful organizations are those that can adapt and evolve with changing market dynamics and customer demands. Organizations that can identify and respond to new trends, technologies, and consumer preferences are more likely to experience growth. This may involve restructuring, adopting new business models, or exploring new markets and opportunities.

6. **Government Policies and Regulations:** Government policies and regulations can significantly influence the growth of organizations. Favourable policies, such as tax incentives, infrastructure development, and supportive business environments, can stimulate organizational growth. On the other hand, excessive regulations and bureaucratic hurdles may hinder the growth of organizations, particularly for small and medium-sized enterprises.

7. **Social and Cultural Factors:** Social and cultural factors also play a role in the growth of organizations. Changes in societal attitudes, consumer preferences, and lifestyle patterns can create opportunities for new organizations to emerge or prompt existing organizations to adapt their products or services. Cultural shifts, such as a focus on sustainability or social responsibility, can shape the growth trajectory of organizations.

8. **Collaboration and Networks:** In recent years, collaboration and networks have become important drivers of organizational growth. Organizations are increasingly forming partnerships, alliances, and networks to leverage complementary strengths, access new markets, and share resources. Collaborative efforts allow organizations to achieve growth and innovation collectively.

Overall, the growth of organizations is influenced by a multitude of factors, including economic conditions, technological advancements, entrepreneurial activities, market dynamics, government policies, and social trends. Successful organizations are those that can navigate these factors, adapt to changes, and capitalize on opportunities for sustained growth.

3.6 THEORIES OF ORGANIZATION :

- **The classical theory of organization :** The classical theory of organization, also known as bureaucratic theory, emerged in the early 20th century and is associated with scholars like Max Weber and Henri Fayol. This theory focuses on the formal structure and functioning of organizations, emphasizing principles of efficiency, rationality, and hierarchical authority. Here are the key features of the classical theory of organization:

  1. **Division of Labor :** The classical theory advocates for the division of labor, where tasks and responsibilities are divided among individuals based on their expertise and skills. This specialization leads to increased efficiency and productivity.

  2. **Hierarchy and Authority :** Classical theorists emphasize the importance of hierarchical authority within organizations. There is a clear chain of command, with authority flowing from top-level management to lower-level employees. Decision-making authority is concentrated at the top.

  3. **Formal Rules and Procedures :** The classical theory stresses the establishment of formal rules, procedures, and policies to guide organizational behavior and decision-making. These rules are designed to ensure consistency, predictability, and uniformity in organizational operations.

  4. **Centralization :** The classical theorists support a centralized decision-making structure, where key decisions are made by top management or a designated authority. Centralization provides a clear line of authority and allows for uniform decision-making across the organization.

  5. **Impersonality :** The classical theory promotes an impersonal approach to management and decision-making. Personal preferences and biases are minimized, and decisions are based on rational and objective criteria.

  6. **Scalar Chain :** The scalar chain is a concept in the classical theory that refers to the formal lines of communication and authority within an organization. It emphasizes the

flow of information and instructions from top management to lower-level employees in a hierarchical manner.

7. **Efficiency and Productivity :** The classical theory places a strong emphasis on efficiency and productivity as key goals of organizations. Through specialization, clear roles and responsibilities, and standardized procedures, organizations can optimize their operations and achieve higher levels of efficiency.

It's important to note that while the classical theory of organization has provided valuable insights and influenced organizational practices, it has also been criticized for its bureaucratic nature and its potential to stifle creativity, innovation, and employee motivation.

- **The human relations theory of organization :** The human relations theory of organization emerged as a response to the limitations of the classical theory of organization. It emphasizes the importance of human factors, social interactions, and employee satisfaction in organizational functioning and effectiveness. The human relations theory highlights the following key aspects:

1. **Employee Motivation :** Human relations theorists, such as Elton Mayo and Douglas McGregor, emphasized the role of employee motivation in organizational success. They argued that factors like recognition, job satisfaction, and a supportive work environment significantly impact employee morale and productivity.

2. **Informal Organization :** The human relations theory recognizes the existence and significance of informal social networks and relationships within the organization. These informal interactions and communication channels can influence employee behavior, attitudes, and job satisfaction.

3. **Employee Participation :** Human relations theorists advocate for increased employee participation in decision-making processes. By involving employees in the decision-making process, organizations can tap into their knowledge, expertise, and creativity, leading to higher levels of engagement and commitment.

4. **Communication and Feedback :** Effective communication is a crucial aspect of the human relations theory. Open and transparent communication channels between management and employees, as well as among employees, facilitate information sharing, collaboration, and a sense of involvement.

5. **Leadership and Supervision :** Human relations theory emphasizes the importance of supportive and participatory leadership styles. Leaders are encouraged to create a positive work environment, provide guidance and support, and establish relationships of trust and respect with employees.

6. **Group Dynamics :** The human relations theory recognizes the influence of group dynamics on employee behavior and performance. It emphasizes the formation of cohesive work groups, teamwork, and collaboration to foster a sense of belonging and enhance productivity.

7. **Employee Needs and Satisfaction :** Human relations theorists emphasize the importance of addressing employee needs and creating a satisfying work environment. Factors such as recognition, career development, work-life balance, and fair compensation contribute to employee satisfaction and well-being.

8. **Employee Welfare :** The human relations theory promotes a concern for the overall welfare and well-being of employees. This includes providing a safe and healthy work environment, fair employment practices, and opportunities for personal and professional growth.

The human relations theory challenged the purely mechanistic view of organizations and highlighted the significance of human factors in organizational success. It emphasized the

importance of creating a supportive and engaging work environment that values employee well-being and satisfaction.

- **The systems theory of organization :**Systems theory of organization is a perspective that views organizations as complex systems composed of interrelated and interdependent parts. It emphasizes the interactions and relationships between these parts and how they collectively contribute to the functioning and behavior of the organization. Here are the key aspects of the systems theory of organization:

  1. **Systems Perspective :** The systems theory considers organizations as dynamic and interconnected systems. It focuses on the organization as a whole, rather than individual components or departments, and recognizes the interdependencies between different parts of the organization.

  2. **Interdependence :** According to systems theory, organizations consist of interdependent subsystems or departments that rely on each other for inputs, processes, and outputs. Changes or disruptions in one subsystem can have ripple effects on other parts of the organization.

  3. **Inputs, Processes, and Outputs :** The systems theory examines the flow of inputs, such as resources, information, and energy, into the organization. These inputs are transformed through various processes within the organization and result in outputs, such as products, services, or outcomes.

  4. **Feedback Loops :** Systems theory emphasizes the importance of feedback loops within organizations. Feedback loops provide information about the effectiveness of organizational processes and enable the organization to make adjustments and adaptations.

  5. **Open Systems** : The systems theory views organizations as open systems that interact with their external environment. Organizations receive inputs from the environment, transform them internally, and deliver outputs back into the environment. The external environment includes factors such as market conditions, competitors, regulatory frameworks, and societal trends.

  6. **Equilibrium and Adaptation :** Systems theory recognizes the dynamic nature of organizations and the need to maintain equilibrium or balance. Organizations continuously adapt and respond to changes in their internal and external environment to achieve stability and survival.

  7. **Holistic Perspective :** Systems theory encourages a holistic perspective, considering the interrelationships and interdependencies within the organization. It emphasizes that understanding the whole system is essential to comprehend the behavior and outcomes of the organization.

  8. **Complexity and Emergence :** The systems theory acknowledges the complexity of organizations, with multiple interconnected components and processes. It recognizes that the behavior and outcomes of organizations can emerge from the interactions and relationships between these components, rather than being solely determined by individual elements.

The systems theory of organization provides a framework for understanding the complexities and interdependencies within organizations. It highlights the need for organizations to adapt, respond to feedback, and maintain alignment with their environment for effective functioning and performance.

- **Contingency theory of organization :** Contingency theory of organization is a perspective that suggests there is no universal approach to organizing and managing organizations. Instead, the most effective organizational structure and management practices depend on the specific circumstances, contingencies, and environmental factors faced by the organization. Here are the key aspects of contingency theory of organization:

1. **Fit and Alignment :** Contingency theory emphasizes the importance of aligning the organization's structure, strategies, and practices with the external environment and internal factors. It suggests that there should be a "fit" between the organization's characteristics and the demands of its environment.

2. **Contingencies :** Contingency theory identifies various contingencies or factors that influence organizational design and effectiveness. These contingencies can include the organization's size, technology, industry, market conditions, strategy, culture, and the expertise of its workforce.

3. **Contextual Approach :** Contingency theory adopts a contextual approach, recognizing that different situations require different organizational approaches. It suggests that organizations should be flexible and adaptable to adjust their structures and practices based on the specific context and contingencies they face.

4. **Contingent Decision-Making :** Contingency theory proposes that decision-making processes should be contingent upon the specific circumstances and variables affecting the organization. Managers need to consider the unique conditions and choose the most appropriate course of action based on those conditions.

5. **Organizational Design Choices :** Contingency theory suggests that organizational design choices should be contingent upon the environment and internal factors. These choices include the division of labor, span of control, centralization or decentralization of authority, formalization, and coordination mechanisms.

6. **Empirical Research :** Contingency theory is supported by empirical research that examines the relationships between organizational variables and performance outcomes. Researchers seek to identify the best practices and configurations of organizational variables that lead to optimal performance given specific contingencies.

7. **Flexibility and Adaptation :** Contingency theory recognizes that organizations must be flexible and adaptable to changes in their environment and contingencies. Organizations should continuously assess and adjust their structures and practices to maintain alignment with the changing conditions.

Contingency theory highlights the importance of context and contingency in understanding and designing organizations. It suggests that there is no one-size-fits-all approach to organizing and managing, and organizations need to be responsive to the unique circumstances they face.

- **Resource Dependence Theory :** Resource Dependence Theory (RDT) is a perspective that focuses on how organizations acquire and manage resources in order to survive and thrive in their external environment. RDT suggests that organizations are dependent on external resources, such as funding, information, raw materials, and expertise, and their ability to secure and control these resources affects their functioning and outcomes. Here are the key aspects of Resource Dependence Theory:

1. **Resource Dependence :** RDT posits that organizations depend on external resources to meet their needs and achieve their goals. These resources can be tangible (e.g., financial capital, physical assets) or intangible (e.g., knowledge, relationships). Organizations seek to establish resource dependencies to ensure their survival and success.

2. **External Environment :** RDT emphasizes that organizations operate within an external environment that provides or restricts access to resources. The external environment consists of other organizations, stakeholders, market conditions, regulatory bodies, and societal factors. Organizations need to understand and navigate their external environment to manage resource dependencies effectively.

3. **Interorganizational Relationships :** RDT highlights the importance of interorganizational relationships in managing resource dependencies. Organizations engage in various forms of relationships, such as alliances, partnerships, and collaborations, to access resources that they do not possess internally. These relationships enable organizations to pool resources, share expertise, and reduce uncertainty.

4. **Power and Dependence :** RDT recognizes that power dynamics exist in relationships between organizations. Organizations with greater resource control and dependence can exert influence over others. Power imbalances can affect the negotiation and allocation of resources and shape interorganizational dynamics.

5. **Resource Scarcity and Competition :** RDT acknowledges that resources are often scarce and competition for resources exists among organizations. Organizations may engage in strategic behaviors, such as resource acquisition, diversification, or resource substitution, to overcome resource constraints and gain a competitive advantage.

6. **Resource Strategies :** RDT suggests that organizations develop resource strategies to manage their resource dependencies. These strategies can involve diversifying resource sources, building strategic alliances, vertical integration, outsourcing, or engaging in lobbying and advocacy efforts.

7. **Institutional Pressures :** RDT recognizes that organizations face institutional pressures from their external environment, such as societal norms, regulations, and industry standards. Organizations must respond to these pressures to gain legitimacy and access critical resources.

Resource Dependence Theory provides insights into how organizations strategically manage their external resource dependencies. By understanding and actively addressing their resource dependencies, organizations can enhance their ability to adapt, survive, and achieve their goals.

- **Institutional theory of organization :** Institutional theory of organization is a sociological perspective that focuses on how organizations are influenced by and conform to social and cultural institutions. It suggests that organizations are not only shaped by economic and rational considerations but also by societal norms, values, and beliefs. Institutional theory highlights the following key aspects:

1. **Institutional Environment :** Institutional theory emphasizes that organizations operate within an institutional environment, which consists of social, cultural, and regulatory structures. These structures include laws, regulations, professional norms, cultural values, and societal expectations that shape organizational behavior.

2. **Isomorphism :** Institutional theory suggests that organizations strive for isomorphism, which refers to the process of becoming similar to other organizations within their institutional environment. There are three forms of isomorphism:

    a. **Coercive Isomorphism :** Organizations conform to external pressures and regulations to gain legitimacy and avoid sanctions or penalties. They align their practices and structures with societal expectations and legal requirements.

    b. **Mimetic Isomorphism :** Organizations imitate the practices and structures of other successful or prestigious organizations in their field. They adopt these practices to reduce uncertainty and gain legitimacy, even if they are not the most rational or efficient choices.

    c. **Normative Isomorphism :** Organizations conform to professional norms, ethical standards, and cultural values prevalent in their field or industry. They seek acceptance and validation from professional communities and adhere to shared beliefs and expectations.

3. **Organizational Fields :** Institutional theory examines organizations within their broader organizational fields, which consist of interrelated organizations operating in the same industry, sector, or geographical area. Organizations within the same field are subject to similar institutional pressures and face competition for legitimacy and resources.

4. **Institutional Logics :** Institutional theory recognizes that organizations are embedded in multiple institutional logics, which are sets of values, beliefs, and assumptions that guide behavior within specific institutional domains. Organizations may navigate and balance different logics, such as economic, professional, or societal logics, depending on their context and stakeholders.

5. **Institutional Entrepreneurship :** Institutional theory acknowledges the role of institutional entrepreneurs who challenge existing institutional arrangements and introduce new practices or structures. These entrepreneurs can lead institutional change and challenge the taken-for-granted assumptions of organizations and their environments.

6. **Legitimacy :** Institutional theory emphasizes the importance of legitimacy for organizations. Legitimacy refers to the perception that an organization's actions, practices, and structures are appropriate and acceptable within its institutional environment. Legitimate organizations are more likely to receive support, resources, and favorable treatment.

Institutional theory provides insights into how organizations adapt and conform to societal and cultural expectations. It highlights the influence of external institutions on organizational behavior and the importance of legitimacy in organizational survival and success.

3.7 TYPES OF ORGANIZATION :

There are various types of organizations, each with its own characteristics and purposes. Here are some common types of organizations:

1. **For-Profit Organizations :** These organizations operate with the primary goal of making a profit. They are typically owned by shareholders or private individuals and aim to generate revenue by offering goods or services in the market. Examples include corporations, partnerships, and sole proprietorships.

2. **Non profit Organizations :** Non profit organizations are formed to pursue a social or public benefit rather than financial gain. They typically serve a specific mission or cause, such as charitable, educational, or humanitarian objectives. Nonprofits often rely on donations, grants, and government funding to support their activities. Examples include charities, foundations, and educational institutions.

3. **Government Organizations :** Government organizations are established by the government to provide public services, enforce laws, and govern society. These organizations operate at various levels of government, such as national, regional, and local. Examples include government agencies, ministries, and public schools.

4. **International Organizations :** International organizations are formed by multiple nations or governments to address global issues, promote cooperation, and facilitate international relations. They serve as platforms for diplomatic negotiations, policy development, and coordination among member countries. Examples include the United Nations (UN), World Health Organization (WHO), and World Trade Organization (WTO).

5. **Non-Governmental Organizations (NGOs) :** NGOs are independent organizations that operate outside of government control. They are typically formed by individuals or groups to address specific social or environmental issues. NGOs often work on advocacy, humanitarian aid, development projects, and policy initiatives. Examples

include Amnesty International, Greenpeace, and Médecins Sans Frontières (Doctors Without Borders).

6. **Community-Based Organizations (CBOs) :** CBOs are grassroots organizations formed by community members to address local needs and improve the well-being of a specific community or group. They often focus on issues such as community development, social services, and grassroots advocacy. Examples include neighbourhood associations, youth groups, and self-help groups.

7. **Professional Associations :** Professional associations are organizations formed by individuals working in a specific profession or industry. They aim to promote the interests of their members, provide professional development opportunities, and establish standards and ethical guidelines. Examples include medical associations, bar associations, and trade unions.

8. **Social Enterprises :** Social enterprises are organizations that aim to generate revenue while also pursuing social or environmental goals. They blend business principles with a social mission, using entrepreneurial approaches to address societal challenges. Examples include fair-trade businesses, social impact ventures, and cooperatives.

9. **Cooperative Organizations :** Cooperatives are organizations owned and operated by their members, who typically share a common interest or goal. Members participate in decision-making and share in the benefits and risks of the organization. Examples include agricultural cooperatives, credit unions, and housing cooperatives.

These are just a few examples of the diverse types of organizations that exist. The specific characteristics and structures of organizations can vary significantly based on their purpose, ownership, legal status, and sector of operation.

3.8 SUMMARY :

Organizations play a crucial role in society, serving various purposes and fulfilling different needs. They are structured entities that bring individuals together to achieve common goals, whether it be generating profit, advancing social causes, providing public services, or promoting collaboration among nations.

Organizations can be classified into different types, such as for-profit organizations focused on financial gains, nonprofit organizations dedicated to social or public benefit, government organizations responsible for public governance, international organizations addressing global issues, and non-governmental organizations working independently on specific causes.

The growth and evolution of organizations have been shaped by factors like economic developments, technological advancements, entrepreneurial activities, government policies, and social and cultural changes. Organizations have adapted to market dynamics, embraced innovation, formed alliances and networks, and leveraged technology to expand their operations and achieve sustained growth.

In the modern era, organizations are increasingly aware of their social responsibilities and the need for sustainable practices. They strive to incorporate principles of corporate social responsibility, diversity and inclusion, and environmental sustainability into their operations. Collaboration, both within and between organizations, has become more prevalent, fostering innovation and addressing complex challenges.

Overall, organizations are dynamic entities that have evolved over time to meet the ever-changing needs of societies. They are essential drivers of economic growth, social progress, and collective action, playing a vital role in shaping the world we live in.

3.9 KEY WORDS :

1. Organisation,
2. Origin,

3. Growth,
4. Development,
5. Accountability,
6. Change,
7. Policies,
8. Relations

3.10 EXERCISE :

1. Define organization and explain types of organization.
2. Elucidate on origin and growth of organization.
3. Describe characteristics of organization.
4. Give brief account on theories of organization.

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LESSON - 4
EXTERNAL ENVIRONMENT

OBJECTIVES :

The objective of this lesson is to make the student understand the concepts of environment of organizations both internal as well as external.

CONTENTS :

4.1 INTRODUCTION :

The organizational environment is dynamic and constantly evolving. It presents both opportunities and challenges for organizations, shaping their strategies, resource allocation, and overall business outlook. Understanding and effectively managing the organizational environment is crucial for organizations to adapt, thrive, and maintain a competitive edge.

Organizations employ various strategies to navigate the organizational environment. They engage in environmental scanning to monitor trends, gather information, and assess the impact of external factors. Based on this information, organizations can formulate strategies, make informed decisions, and allocate resources effectively. They may also engage in strategic alliances, partnerships, and collaborations to leverage external resources and expertise.

Organizational leaders play a vital role in understanding and managing the organizational environment. They must possess the ability to interpret and anticipate changes, make strategic decisions, and align the organization with the external environment. Organizational agility and the ability to adapt to changing conditions are becoming increasingly important in today's dynamic and interconnected world.

4.2 WHAT IS ORGANIZATIONAL ENVIRONMENT? :

Every organization, whether business or non-business, has its environment. The organizational environment is always dynamic and ever-changing.

Changes today are so frequent, and every change brings so many challenges those managers and leaders of the organization need to be vigilant about environmental changes. The environment of an organization consists of its surroundings – anything that affects its operations favorably or unfavorably.

Environment embraces such abstract things as an organization's image and such remote visible issues as the country's economic conditions and political situations. The environmental forces, abstract and visible, need careful analysis. The systematic and adequate analysis produces the information necessary for deciding what strategy to pursue. Managers cannot make appropriate and sound strategies simply based on their guesses and instincts. They must use relevant information that directly flows from their organization's environment analysis. By the word "environment," we understand the surroundings or conditions in which a particular activity is carried on.

And we know that an organization is a social entity that has a hierarchical structure where all necessary items are put together. They act within it to reach the collective goal. Organizations or, more specifically, business organizations and their activities are always being affected by the environment. In an organization, the management body's actions are influenced by the environment.

Definitions :

➢ "Organizational environment refers to all external factors, conditions, and influences that affect the organization's operations, strategies, and performance. It includes economic, technological, social, political, legal, and competitive factors." (Fred R. David)

➢ "The organizational environment is the set of external conditions and factors, such as competitors, customers, suppliers, technology, economic conditions, social trends, and political and legal forces, that influence the organization's ability to achieve its objectives." (Stephen P. Robbins)

➢ "The organizational environment is the totality of physical, social, and cultural factors that influence an organization's functioning and development. It includes both the external environment (industry, market, competitors) and the internal environment (organizational structure, culture, resources)." (Richard L. Daft)

➢ "Organizational environment refers to the external conditions, forces, and factors that impact an organization's performance, strategies, and decision-making. It includes the economic, political, legal, technological, social, and cultural aspects of the broader context in which the organization operates." (Henry Mintzberg)

➢ "The organizational environment is the complex system of external elements that affect an organization's functioning and outcomes. It includes the economic, political, social, technological, and ecological factors that shape the opportunities and challenges faced by the organization." (Gareth R. Jones)

These definitions highlight the common understanding that the organizational environment consists of external factors and conditions that influence an organization's operations, strategies, and performance. The specific elements and dynamics of the organizational environment may vary depending on the context and industry of the organization.

4.3 KEY ASPECTS OF ORGANIZATION ENVIRONMENT :

Organizational environment refers to the external factors, conditions, and forces that influence the functioning and behavior of an organization. It encompasses the broader context in which an organization operates and includes various elements, such as the economy, technology, competitors, customers, suppliers, government regulations, social and cultural norms, and the natural environment. Understanding the organizational environment is crucial for organizations to adapt, make strategic decisions, and achieve their goals. Here are key aspects of the organizational environment:

1. **General Environment :** The general environment consists of the broad societal and macro-level factors that impact organizations. It includes the political, economic,

social, technological, environmental, and legal (PESTEL) factors. Changes in these factors can create opportunities or threats for organizations. For example, shifts in economic conditions or technological advancements can affect market demand and industry dynamics.

2. **Industry Environment :** The industry environment refers to the specific market or sector in which an organization operates. It includes competitors, suppliers, customers, and other stakeholders relevant to the industry. Organizations must analyze industry structure, competitive forces, and market trends to assess their competitive position and make strategic decisions.

3. **Competitive Environment :** The competitive environment focuses on the rivalry and competition among organizations within an industry. Factors such as market share, pricing strategies, product differentiation, and barriers to entry influence the competitive dynamics. Organizations need to monitor and respond to competitive forces to maintain a competitive advantage.

4. **Internal Environment :** The internal environment comprises the internal factors and resources within an organization. This includes its organizational structure, culture, leadership, resources, capabilities, and employees. The internal environment shapes an organization's ability to respond to external challenges and influences its overall performance and effectiveness.

5. **Stakeholder Environment :** The stakeholder environment consists of individuals or groups who have an interest or are affected by the organization's activities. This includes employees, customers, shareholders, suppliers, government agencies, local communities, and advocacy groups. Organizations must manage relationships with stakeholders and consider their interests and demands.

6. **Legal and Regulatory Environment :** The legal and regulatory environment encompasses laws, regulations, and government policies that affect organizations. Compliance with legal requirements is essential to avoid penalties and maintain ethical conduct. Organizations need to stay updated on changes in regulations and ensure their operations align with legal obligations.

7. **Socio-Cultural Environment :** The socio-cultural environment reflects the values, beliefs, norms, and societal trends that influence organizational behavior. Cultural factors can shape consumer preferences, employee behavior, and organizational practices. Organizations must consider social and cultural factors to ensure alignment with societal expectations and to build positive relationships with stakeholders.

Understanding the organizational environment helps organizations identify opportunities, anticipate challenges, and make informed decisions. By monitoring and adapting to the external context, organizations can enhance their competitiveness, mitigate risks, and foster sustainability.

4.4 TYPES OF ORGANIZATIONAL ENVIRONMENT :

Organizations have an external and internal environment :
1. Internal environment / Micro environment.
2. External environment / Macro environment.
    1. General environment.
    2. Industry environment.

An organization's operations are affected by both types of environments.
➢ Therefore, managers need to make an in-depth analysis of the elements of the environment so that they can develop an understanding of the internal and external situations of the organization.

➢ Based on their understanding, they will be better able to establish the required objectives for their organization and formulate appropriate strategies to achieve those objectives.

In this post, we will look at the elements of the organization's environment.

4.5 INTERNAL ENVIRONMENT OF ORGANIZATION :

➢ Forces, conditions, or surroundings within the organization's boundary are elements of the organization's internal environment.

➢ The internal environment generally consists of elements within or inside the organization, such as physical resources, financial resources, human resources, information resources, technological resources, the organization's goodwill, corporate culture, and the like.

➢ The internal environment includes everything within the boundaries of the organization.

➢ Some of these are tangible, such as the physical facilities, the plant capacity technology, proprietary technology, or know-how; some are intangible, such as information processing and communication capabilities, reward and task structure, performance expectations, power structure management capability, and dynamics of the organization's culture.

➢ Based on those resources, the organization can create and deliver value to the customer. This value is fundamental to defining the organization's purpose and the premise on which it seeks to be profitable.

➢ Are we adding value through research and development or customer service, or by prompt delivery, or by cutting any intermediary which reduces the customers' costs?

➢ Organizations build capabilities over a long time. They consistently invest in some areas so that they can build strong competitive businesses based on the uniqueness they have created.

➢ The manager's response to the external environment would depend upon the availability and the configuration of resource deployment within the organization.

➢ The deployment of resources is a key managerial responsibility.

For example, General Electric is an aggressive innovator and marketer who has been ruthless in its approach to changing proactively as well as reactively to sustain its competitive positions in the respective industries.

This implies that over the years, General Electric has invested in developing those capabilities, systems, and processes that enable it to respond.

Elements of the internal environment are;

1. Owners and Shareholders
2. Board of Directors
3. Employees
4. Organizational Culture
5. Resources of the Organization
6. Organization's image/goodwill

4.6 EXTERNAL ENVIRONMENT OF ORGANIZATION :

• Factors outside or organization are the elements of the external environment. The organization has no control over how the external environment elements will shape up.

• The external environment embraces all general environmental factors and an organization's specific industry-related factors. The general environmental factors include those that are common in nature and affect all organizations.

• Because of their general nature, an individual organization alone may not be able to substantially control its influence on its business operations.

- Managers have to continuously read signals from the external environment to spot emerging opportunities and threats. The external environment presents opportunities for growth leadership and market dominance and poses the threat of obsolescence for products, technology, and markets.
- While one section of an organization faces opportunities, another faces threats from a similar environment, perhaps because of differentiation in their respective resources, capabilities, and entrenched positions within the industry.
- For example, the burgeoning mobile telephone market in India provides enormous opportunities for different types of organizations, from handset manufacturers, content developers, application developers, and mobile signal tower manufacturers to service providers.
- At the same time, it poses a threat to the fixed-line telephone business, which has long been the monopoly of public sector enterprises.
- The increasing demand for telecommunication services in India post-deregulation was an enormous opportunity for early entrants to enter the telecom services business and compete for revenue with state-owned organizations.
- At the same time, the growing demand for mobile services led to an expansion of industrial capacity, price wars, lowering of call tariffs, acquisitions, and declining industry profits.
- India has one of the lowest call rates in the world. As the industry matured and consolidation took place, the old players had to alter their business models and strategies.
- The external environment can be subdivided into 2 layers; General and Industrial.

4.6.1 General Environment of Organization – Common Factors that All Companies in the Economy Face :

- ❖ The general environment usually includes political, economic, sociocultural, technological, legal, environmental (natural), and demographic factors in a particular country or region. The general environment consists of factors that may affect operations but influence the firm's activities.
- ❖ The factors of the general environment are broad and non-specific, whereas the dimensions of the task environment are composed of the specific organization.
- ❖ The external environment consists of an organization's external factors indirectly affecting its businesses. The organization has little or no control over these factors, so the external environment is generally non-controllable.
- ❖ However, there may be exceptions. The external environmental factors reside outside the organization, which can lead to opportunities or threats.
- ❖ For the convenience of analysis, we can divide the external environment into two groups: (a) general environment (or remote environment), and (b) industry environment (some call it the 'immediate operating environment,' 'task environment, or specific environment').
- ❖ The general environment consists of factors in the external environment that indirectly affect firms' business operations.
- ❖ The major factors that constitute the general environment include political situations, economic conditions, social and cultural factors, technological advancements, legal/regulatory factors, natural environment, and demographics in a particular country or region.
- ❖ The industry environment consists of those factors in the external environment that exist in the industry in which the organizations operate their business. The industry

- environmental factors are generally more controllable by a firm than the general environmental factors.
- ❖ Industry environment comprises those factors in the external environment that exists in tie concerned industry of a firm in which it is operating its business.
- ❖ For example, US Pharma is operating its business in the pharmaceutical industry.
- ❖ Therefore, all factors that are likely to affect the business operations of Incepta Pharmaceuticals Limited would be included in the 'industry environment' of the company.
- ❖ There are 6 factors in the industry environment: suppliers, buyers & customers, competitors & new entrants, substitute products, regulators, and strategic partners.
- ❖ It may be noted that some industry environmental factors, such as competitors and substitute products, may exist even outside the concerned industry.
- ❖ For example, a leasing company may emerge as a competitor of the companies in the banking industry in terms of attracting deposits and providing loans to business houses.
- ❖ Regarding the industry environment, the important issue to appreciate is that they reside in the immediate competitive situations of a firm.
- ❖ Also, they are very specific in that they can be easily identified. For these reasons, they are often regarded as 'specific environment' or 'task environment.'
- ❖ The strategy-makers must understand the challenges and complexities of the general and industry environmental factors. They must appreciate that the general environmental factors are largely non-controllable because of their distantly located external nature.
- ❖ When strategists take cognizance of both the general (remote) and industry (operating) environments, they are likely to become more proactive in strategic planning.
- ❖ In the following discussions, you will find a broad description of the general environment.

8 Elements of the General External Environment :

The general environment includes the; distant factors in the external environment that is general or common in nature. Its impact on the firm's operations, competitors, and customers make its analysis imperative.

8 elements or factors of the general environment of an organization are;

1. Political Legal Factors
2. Economic Factors
3. Socio-Cultural Factors
4. Technological Factors
5. Legal Factors
6. Environmental / Natural Factors
7. Demographic Factors
8. International Factors
9. Regulators

Political Legal Factors :
- The political factors of the general environment refer to the business-government relationship and the overall political situation of a country.
- A good business-government relationship is essential to the economy and, most importantly, for the business.

- The government of a country intervenes in the national economy by setting policies/rules for business. We see many such policies – import policy, export policy, taxation policy, investment policy, drug policy, competition policy, consumer protection policy, etc.
- Sometimes, the government pursues a nationalization policy for state ownership of a business.
- Some countries, such as India, pursue state-driven mercantilism to reduce imports and increase exports. Some countries; have liberalized their economy and shifted from centrally managed economies to capitalist economies or welfare economies.
- In many 3rd world countries, successive governments emphasize privatization more than state ownership. As global competition has increased, the government has also liberalized its trade policies to align with the WTO agreements.
- Another important issue is political stability, which substantially affects business firms' operations. Divert's decision about investment is highly affected by political stability.
- Managers must be able to understand the implications of the activities of these agencies and groups.
- Government agencies include different ministries, the office of the Controller of Imports and Exports, the Board of Investment, the Revenue board or agency, Chambers of Commerce and Industry, Employers' Associations, the Environmental Protection Movement, and the like.
- Since the pressure groups put restraints on business managers, managers should have clear ideas about the actions of these groups.

Economic Factors :

- The economic factor of an organization is the overall status of the economic system in which the organization operates. The important economic factors for business are inflation, interest rates, and unemployment.
- These factors of the economy always affect the demand for products. During inflation, the company pays more for its resources, and to cover its higher costs, they raise commodity prices.
- When interest rates are high, customers are less willing to borrow money, and the company itself must pay more when it borrows. When unemployment is high, the company can be very selective about who it hires, but customers' buying power is low as fewer people are working.
- A country's economic conditions affect market attractiveness. The performance of business organizations is affected by the health of a nation's economy.
- Several economic variables are relevant in determining business opportunities.
- Examples of economic factors include the trend in economic growth, population income levels, inflation rate, tax rates for individuals and business organizations, etc.
- There is thus a need to analyze the economic environment prudently by the business firms.
- The economic environment comprises a distinct variable with which management must be concerned. A country's economy can be in a situation of boom or recession or depression or recovery, or it may be in a state of fluctuation.
- Managers/strategy-makers must be able to predict the economy's state. These warrants the necessity of studying the economic environment to identify changes, trends, and their strategic implications.

- Business organizations operate their businesses in markets consisting of people. These people are likely to become customers when they have purchasing power. And purchasing power depends on income, prices, savings, debt, and availability of credit.
- Therefore, business organizations must pay attention to customers' income and consumption patterns.
- However, all the economic variables in the economy must be treated holistically for the clear envisioning of the entire economy and the market.

Socio-Cultural Factors :

- Customs, mores, values, and demographic characteristics of the society in which the organization operates make up the general environment's socio-cultural factors.
- A manager must well study the socio-cultural dimension. It indicates the product, services, and standards of conduct that society will likely value and appreciate.
- The standard of business conduct varies from culture to culture, as does the taste and necessity of products and services. Socio-cultural forces include culture, lifestyle changes, social mobility, attitudes toward technology, and people's values, opinion, beliefs, etc.
- A society's values and altitudes form the cornerstone of society. They often drive other conditions and changes. The hand for many products changes with the changes in social attitudes.
- Socio-cultural factors differ across countries. In many countries, worker diversity is now a common phenomenon.
- We find in first world countries the increasing life span of population, trend towards fewer children, movement of population from rural areas to urban areas, increasing rate of female education, more and more women entering the mainstream workforce, etc.
- All these have a primary effect on a country's social character and health.
- Therefore, managers of business organizations need to study and predict the impact of social and cultural changes on the future of business operations in terms of meeting consumer needs and interests.
- Business firms must offer products in society that correspond to their values and attitudes. It denotes the methods available for converting resources into products or services.

Technological Factors :

- Managers must be careful about technological factors. Investment decisions must be accurate in new technologies, and they must be adaptable to them.
- Technological factors include information technology, the Internet, biotechnology, global transfer of technology, and so forth. None can deny the fact that the pace of change in these technological dimensions is extremely fast.
- Technological changes substantially affect a firm's operations in many ways. The advancement of industrialization in any Country depends mostly on the technological environment. Technology has major impacts on product development, manufacturing efficiencies, and potential competition.
- Business organizations facing changing technology problems are always more difficult than those with stable technologies.
- The effects of technological changes occur primarily through new products, processes, and materials. An entire industry may be transformed or revitalized due to new technology.

- Strategy formulation is linked to technological changes. An intelligent response to the ever-increasing technological advances should be entrepreneurial rather than reactive.
- Strategic managers need to monitor developments in technology for their particular industry when formulating a strategy. A quick and thorough study of technological changes; helps managers achieve a higher market share because of the early adoption of new technology.
- A firm must be aware of technological changes to avoid obsolescence arid promote innovation. It means that strategy managers of an organization must be adept in – technological forecasting.

Legal Factors :

- The legal environment consists of laws and regulatory frameworks in a country. Many laws regulate the business operations of enterprises, such as the Factories Act, Industrial Relations Ordinance, the Contract Act, and the Company law, just to name a few.
- Business laws protect companies from unfair competition and consumers from unfair business practices.
- Business laws also protect society at large. The laws regarding a merger, acquisitions, industry regulation, employment conditions, unionization, workmen's compensation, and the like affect a firm's strategy.
- Even globalization has caused significant repercussions in the legal environment. Thus, business managers must thoroughly know the major laws that protect business enterprises, consumers, and society.
- And the overall situation of law implementation and justice in a country indicates that there is a favorable situation in business in a country.

Environmental / Natural Factors :

- Strategy-makers need to analyze the trends in the natural environment of the country where it is operating their business.
- The most pertinent issues in the natural environment that strategy-makers should consider include the availability of raw materials and other inputs, changes in the cost of energy, levels of environmental pollution, and the changing role of government 'in environmental protection.
- Changes in the physical/natural environment, such as global warming, will heavily affect our daily lives and the functioning of our organizations with various consequences.

Demographic Factors :

- The demographic environment is concerned with a country's population.
- Specifically, it is related to the population's size, age structure, geographic distribution, ethnic mix, and income distribution.
- With over 8 billion population, demographic changes are evident worldwide. There is negative population growth in some countries, and in some countries, couples are averaging fewer than two children. In general, the average age is increasing.
- In many countries, rural-urban migration is rampant. These trends suggest numerous opportunities for firms to develop products and services to meet the needs of diversified groups of people in society.

- Strategy-makers must analyze the demographic issues, especially the size and growth rate of the population, age distribution, ethnic mix, educational level, household patterns, and inter-regional movements.

International Factors :

- Virtually every organization is affected by international factors. It refers to the degree to which an organization is involved in or affected by businesses in other countries.
- The global society concept has brought all the nations together, and modern network of communication and transportation technology, almost every part of the world is connected.
- General external environmental factors are interrelated with organizational success.
- Therefore, strategy-makers need to analyze them in an interrelated fashion to understand and visualize the 'whole of the environment.

4.6.2 Industry/Task Environment of Organization – Industry Factors that are Vital for Business Functions :

- ❖ A business firm's strategy is affected by the structural characteristics of the industry, it is thus considered essential for a firm to make an elaborate analysis of the industry in which the firm operates its business.
- ❖ Based on Michael Porter's research results, the Van industry structure consists of suppliers, buyers, direct competitors, new entrants, and substitutes. The strategy-makers of a firm need to be concerned with the impact of the industry structure on the firm's strategy.
- ❖ Once the external environmental analysis has been completed, they should embark upon industry analysis. Industry analysis helps them have clear information about what is happening in the industry in which their companies are operating their businesses.
- ❖ Since the industry contains competition, its analysis brings to light the complexities of the competition and the consequent challenges facing the industry.
- ❖ The industry environmental factors, on the other hand, are those factors in the external environment that specifically reside in a particular industry and affect competition, such as suppliers, customers, competitors, and substitute products.
- ❖ The task environment consists of factors that directly affect and is affected by the organization's operations. These factors include suppliers, customers, competitors, regulators, and so on.
- ❖ A manager can identify environmental factors of specific interest rather than having to deal with a more abstract dimension of the general environment.

6 Elements of the Industry or Task environment :

As a manager or entrepreneur, you should be able to identify the various elements of the industry environment so that you can take appropriate steps to respond to them effectively in order to survive in the industry.
6 elements of the task environment for an organization are;

1. Suppliers
2. Customers & Buyers
3. Competitors & New Entrants.
4. Regulators
5. Substitute Products
6. Strategic Partners

Suppliers :
- ❖ Suppliers are the providers of production or service materials. Dealing with suppliers is an important task of management.
- ❖ A good relationship between the organization and the suppliers is important for an organization to keep a steady following of quality input materials. Suppliers are sources of resources such as raw materials, components, equipment, financial support, services, and Office Supplies.
- ❖ To ensure a company's long-term survival and growth, it is essential to develop a dependable relationship between a business firm and its suppliers. Concerning its competitive position with suppliers, a company should address the following questions;
  - Are the suppliers' prices competitive?
  - Do suppliers offer attractive quantity discounts?
  - How costly are their shipping charges?
  - Are vendors competitive in terms of production standards?
  - Are suppliers' abilities, reputation, and services competitive?
  - Are suppliers reciprocally dependent on the firm?

Customers & Buyers :
- ❖ "Satisfaction of customer"- the primary goal of every organization. The customer pays money for the organization's product or services. They are the peoples who hand them the profit that the companies are targeting.
- ❖ Managers should pay close attention to the customers' dimension of the task environment because its customers purchase what keeps a company alive and sound. Strategy managers must understand the composition of the company's customers.
- ❖ With this end in view, they need to develop an exhaustive customer profile of the present and potential customers. Managers will be in a better position to pragmatically plan the firm's strategic operations, anticipate changes in the size of the markets, and anticipate demand patterns.
- ❖ While constructing a customer profile, managers need to use information regarding customers' geographic location, demographic characteristics, psychographic issues, and buyer behavior.

Competitors & New Entrants :
- The competitors often influence the policies of the organization. Competitive marketplace companies are always trying to stay and go further ahead of their competitors.
- In the current world economy, competition and competitors in all respects have increased tremendously. A firm needs to analyze the competitive intensity in the industry. It needs to understand its competitive position in the industry to improve its chance of designing winning strategies.
- Many companies develop a 'competitor profile' to accurately forecast their short-and-long-term growth and profit potentials.
- A competitor profile may include such variables as market share, product line, the effectiveness of sales distribution, price competitiveness, advertising and promotion effectiveness, location, and age of the facility, production capacity, raw material costs, financial position, etc.
- This positive effect is that the customers always have options, and the quality of products goes high.

- The new entrants are the upcoming competitors of the firm. They are potential competitors because the competitive intensity increases when they enter the industry with similar products.

Regulators :
- ❖ Regulators are units in the task environment that have the authority to control, regulate or influence an organization's policies and practices.
- ❖ Government agencies are the main player in the environment, and interest groups are created by their members to attempt to influence organizations as well as the government. Trade unions and the chamber of commerce are common examples of interest groups.

Substitute Products :
- ➢ The producers of substitute products are indirect competitors.
- ➢ Substitute products serve the same categories of customers. They can meet the similar needs of customers and, therefore, emerge as threats.
- ➢ For example, when the detergent powder is capable of meeting customer needs in a much better way, or even in the same way as the laundry soap does, the detergent powder becomes a strong indirect competitor of laundry soap.

Strategic Partners :
- They are the organization and individuals with whom the organization is to an agreement or understanding for the benefit of the organization. These strategic partners, in some way, influence the organization's activities in various ways.
- The industry environment is the competitive environment of a business organization. The industry environment substantially affects a firm's business operations because it is the 'immediate' external environment of the firm, also known as the 'immediate operating environment.'
- Every firm operates its business in an industry. Therefore its activities are directly affected by any change in the industry, and therefore its activities are directly affected by any changes in the industry environment.
- Changes in the general environment can directly impact any of the factors in the industry environment.
- An organization has greater control over the industry's environmental factors than the general environmental factors.
- One point is to be noted that although the industry environment affects all the firms in the industry, in reality, all firms are not affected equally.

Influence of Internal and Environment on Business :
- ➢ Business managers must understand the various facets of the impacts of the external environment.
- ➢ They need to recognize that the external environment has many aspects that can significantly impact a firm's operations. They need to undertake an analysis of the environment regularly.
- ➢ This is particularly important for the reason that developments/changes in the remote environment influence business organizations. They also need to understand the influences of changes in the industry environment.

Managers are benefited in several ways when they have a deep understanding and appreciation of the impact of environmental factors on business:
- Knowledge of the environment helps managers identify the direction in which they should proceed. They will travel along with a distinct way of changing direction

whenever necessary. Without an understanding of the environment, managers are like a bicycle without a handlebar – no way of maneuvering while riding on a street.

- Managers can isolate those factors, especially in the external environment, which are of specific interest to the organization.
- Managers can take preparation to deal with a predicted crisis in any of the factors in the environment. They can develop crisis plans for overcoming crises that affect an organization.
- The key to achieving organizational effectiveness is understanding of the environment in No knowledge or inadequate knowledge is very likely to lead managers to ineffectiveness because of 'running on the wrong road for reaching the goals.

4.7 SUMMARY :

A manager must clearly understand the environment, irrespective of its external or internal nature. Normally, you would not go for a walk in the rain without an umbrella, because you understand the environment and know you can get wet when it rains.Similarly, suppose a manager does not know and understand the organization's environment. In that case, he or she will definitively get wet or dry, and the organization is also in today's fast and hyper-moving organizational environment.

4.8 KEY WORDS :

1. Organizational environment,
2. Internal environment,
3. External environment,
4. Suppliers,
5. Customers & Buyers,
6. Competitors & New Entrants,
7. Regulators.

4.9 EXERCISE :

1. What is organizational environment and its key aspects?
2. Explain internal environment of organization.
3. Give account on General Environment of Organization of external environment.
4. Describe Industry/Task Environment of Organization of external environment.

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LESSON - 5
ESTABLISHMENT, NGOs FOUNDATION, REGISTRATION AND NEED

OBJECTIVES:

This unit describes need for registering an NGO as a legal entity, associated advantages and disadvantages, different legal options available for registration in India, detailed process of registering an NGO.

CONTENTS :

5.1 DEFINITIONS AND NOMENCLATURE :

The term NGO came into use in the year 1945 with the provision in the United Nations (UN) Charter for organizations that were neither governmental, nor member states. Such organizations were needed for a consultative role with the UN. On February 27, 1950, international NGOs (or INGOs) were first defined in a resolution of the Economic and Social Council (of the United Nations) [ECOSOC] as 'any international organization that is not bound by an international treaty.' The term has since been used in many ways and in many forms. The World Bank's operational directive on NGOs defined the term as 'groups and institutions that are entirely or largely independent of governments and characterized primarily by humanitarian or cooperative, rather than commercial objectives.'

Other definitions of an NGO include:

- An organization of individuals who believe in certain basic social principles and who structure their activities to bring about development to the communities that they are serving;
- A social development organization assisting in the empowerment of people;

- An organization or group of people working independently of any external control with specific objectives and aims to fulfil tasks that are oriented to bring about desirable change in a given community, or area, or situation;

- An independent, democratic, non-sectarian people's organization working for the empowerment of economic and/or socially marginalized groups.

- Despite the growing numbers and importance of NGOs over the decades, the nomenclature used to identify this set of organisations varies considerably. They are variously referred to as 'voluntary organisations', 'voluntary associations', the 'third sector', 'non-profit sector', 'independent sector', 'civil society', etc. (Tandon, 2002).

5.2 BENEFITS OF FORMING AN ORGANIZATION :

Although an individual can also contribute to the welfare of society in a number of ways, if these same individuals come together as an organization, it helps validate its existence, along with accruing other benefits. They are:

- ❖ **Socio-political entity :** An organization gives a group of people a social and legal status. It gives a group the legitimacy to exist, function and grow. Having an identity also helps in finding resources and financial support.

- ❖ **Organizational systems and structure :** Forming an organization means that a complete system of procedures has to be set up. This enables other people to join. Such systems help maintain a democratic set-up and most importantly the credibility of an organization. The systems adopted are generally global in nature and help set benchmarks of transparency. They help put into practice the principals of accountability and transparency so that the NGO has credibility in wider society and among different stakeholders. An organization also gains credibility by showing commitment to their cause

- ❖ **Direction for future :** A formal organization evolves a direction for its future which is encapsulated and articulated in its vision and mission, strategy and interventions. Its strategy and interventions are formulated within the theory of social change or theory of development it adopts. Resources are then more easily aligned to this overall direction and purpose.

- ❖ **Sustainability mechanisms :** Formal organizations are sustainable and adopt mechanisms that promote sustainability.

- ❖ **Autonomy and independence :** A group or collective remains dependent on a few specific people. Hence, although the group exists as a whole, decision making generally does not follow any set procedure. Forming an organization enables the group to function objectively.

- ❖ **Possibilities of institutionalization :** An organizational form allows more people to join in with the cause and can help the cause become institutionalized. This helps to keep the cause alive even if the group which started it is no longer associated with it.

5.3 CHARACTERISTICS OF NGOS :

The Commonwealth Foundation, in its NGO Guidelines for good policies and practice, defines NGOs on the basis of four key characteristics (Ball & Dunn, 1995):

❖ **Voluntary nature :** The word 'voluntary' distinguishes NGOs operating in democratic societies from the government, i.e., statutory agencies. They are thus formed voluntarily and are non-statutory. It also means that there is an element of unpaid voluntary work contributed to the organization, most commonly by board members not receiving payment for their work, and also (and possibly on a large scale in some organizations) voluntary, unpaid work performed by members and/or beneficiaries. However, it will be wrong to assume that all NGOs are characterized by being entirely voluntary or largely dependent on voluntary efforts.

❖ **Independent :** NGOs are controlled by those who have formed them, or by a board of management to whom the responsibility for control and management of the NGO has been delegated, within the laws that govern the functioning of the organization. However, it is important to note that the term 'Board(s) of Management' is generally used as a descriptive one. The constitutions of individual NGOs and/or the laws under which they are registered and function may use other terms, such as 'trustee(s)', 'director(s)', etc.

❖ **Not-for-profit :** NGOs are not formed for personal profit/gain. However, NGOs may have employees who are paid for what they do. NGOs may also engage in revenue generating activities. They do not, however, distribute profits or surpluses to shareholders or members. They use the revenues generated solely for the pursuit of their aims.

❖ **Not self-serving in aims and related values :** An NGO usually aims to improve the circumstances and prospects of disadvantaged people who are unable to realize their potential or achieve their full rights in society, through direct or indirect forms of action; and/or act on concerns and issues which are detrimental to the well-being, circumstances or prospects of people or society as a whole. These aims give NGOs clear values and purposes, which distinguish them from other organizations formed by or among disadvantaged people in order to help themselves and reduce inequalities between them and other sections of society.

The first three defining characteristics suggest the essential conditions which should be present in any legal environment in which NGOs function. Their existence should be enabled, permitted and encouraged, but not required by law. The government should also allow them to function independently, but nonetheless within the laws of the land. The law ensures that NGOs are not used for the personal profit of those who direct their affairs. A broad range and number of organizations, clubs and associations are found in democratic societies which serve a wide variety of social, political, civil, sporting, religious, business, cultural and recreational purposes. Many of them satisfy the first three defining criteria mentioned. The fourth defining characteristic, concerning the aims and values, defines particular types of NGOs, organizations which do not serve the self-interest of members but are concerned in some way or other with the disadvantaged or with concerns and issues which are detrimental to the well-being, circumstances or prospects of people or society as a whole.

5.4 CLASSIFICATION OF NGOS :

NGOs have been variously classified on the basis of different criteria.

i. According to the nature of the institution According to the nature of institution, NGOs can be categorized into four categories (Korten, 1991):

    a. Voluntary Organizations : They pursue a social initiative driven by a commitment to shared values

    b. People's Organizations : They represent their members' interests, have member accountable leadership and are highly self-reliant,

    c. Public Service Contractors : They function as market-oriented, non-profit organizations for the purpose of serving the public;

    d. Hybrid Government/Non-Government Organizations : They are the creations of the government that serve as instruments of government policy.

ii. According to the level of operations :

    a. Community Based Organizations: They arise out of people's own initiatives. These include sports clubs, women's organizations, and neighborhood organizations, religious or educational organizations. There are a large variety of these, some supported by NGOs, national or international NGOs, or bilateral or international agencies, and others independent of outside help. Some are devoted to raising the consciousness of the urban as well as rural poor, or helping them to understand their rights in gaining access to needed services while others are involved in providing such services.

    b. Citywide Organizations: These include organizations like commerce and industry, coalitions of business, ethnic or educational groups and associations of community organizations. They become involved in helping the poor as one of their many activities, while others are created for the specific purpose of helping the poor.

    c. National NGOs: These include organizations that are based nationally.

    d. International NGOs: These include agencies which have international operations. Their activities vary from funding local NGOs, institutions and projects, to implementing the projects themselves.

iii. As per their geographical location :

    a. International NGOs : Those which function internationally, in several countries.

    b. Single Country NGOs : These are based and functional in a single country.

iv. As per their orientation :

    a. Charitable orientation : This often involves a top-down paternalistic effort with little participation by the 'beneficiaries'. It includes NGOs with activities directed toward meeting the needs of the poor, such as distribution of food, clothing or medicine; provision of housing, transport, schools, etc. Such NGOs may also undertake relief activities during a natural or man-made disaster.

    b. Service orientation : This includes NGOs with activities such as provision of health, family planning or education services in which the programme is designed by the NGO and people are expected to participate in its implementation and in receiving the service.

      c. Participatory orientation : It is characterized by self-help projects where local people are involved, particularly in the implementation of a project by contributing cash, tools, land, materials, labor, etc. In the classical community development project, participation begins with needs definition and continues into the planning and implementation stages. Cooperatives often have a participatory orientation.

      d. Empowering orientation : Here, the aim is to help poor people develop a clearer understanding of the social, political and economic factors affecting their lives, and to strengthen their awareness of their own potential power to control their lives. Sometimes, these groups develop spontaneously around a problem or an issue. However, at other times, workers from NGOs play a facilitating role in their development.

v.   As per their strategy of intervention :

      a. Single sectoral approach : Such NGOs work in a single sector, such as health, education, social forestry, drinking water, shelter, sanitation, and income-generation.

      b. Multi-sectoral approach : Some NGOs may take a multiple-sectoral approach towards their interventions, interlinking across different sectors.

      c. Homogenous clientele approach : These often focus their area of work on homogenous groups like tribal populations, women, Dalits, landless laborers, slum dwellers, pavement dwellers, homeless, etc.

      d. Heterogeneous clientele approach : These often address multiple heterogeneous clients, with different groups being covered by different programmes or the same programme.

This classification is important to distinguish from the mission and nature of work because many times organizations translate their broad mission with a specific strategy, which varies from location to location. It is therefore common to see organizations engaged in the provision of health services to tribal populations only in one area and to mixed populations in another. It is also common to see organizations providing multiple-sectoral interventions with heterogeneous groups of clients even though they are broadly classified as poor. Increasingly, there has been a trend towards movement from homogeneous clientele and unitary sectoral work to heterogeneous client groups (under a broad definition of the poor) and multi-sectoral interventions.

vi.   As per their nature of functions :

   ➤ **Programme implementation :** These are field based groups/organizations who work directly with the communities. They take up issues and implementing programmes directly. These organizations represent their members for purposes of claims and/or negotiations with the government and other bodies and fight in defense of the interest of their members. It includes groups like workers' unions. Landless farmers may organize themselves to demand agrarian reform measures. These kinds of organizations act as pressure groups representing the interests of the communities falling in the same social economic strata.

➢ **Support to field based organizations :** These include organizations who promote community groups to take up issues and implement programmes. They have broader functions, which include representation, along with managing assets held in common by the whole community. For example, a dispensary constructed with self-help initiatives, valley dams/wells, and community centres. These organizations perform a support function for field based organizations. Their operations vary from the district to the national level. They also provide a variety of other kinds of support, ranging from information dissemination and research to technical support in the field, from water management to organisational development, etc.

➢ **Networking :** This category gains significance because of the increasing need for advocacy and public education on different issues. The number of networking organizations in the field of women and environmental issues has made a substantial impact on thinking in the voluntary sector in particular and the public in general during the recent past.

➢ **Association :** Here members are registered and are normally screened on the basis of certain criteria developed by the members themselves. The organization represents the interests of its members actively, and is involved in pursuing a specific common goal. Its members are registered. Cooperative societies come under this category, but increasingly, many groups are being registered as community based organizations.

➢ **Policy advocacy :** NGOs play an extremely important role in identifying unaddressed problems and bringing them to public attention. They also play a role in protecting basic human rights, and in giving voice to a wide assortment of social, political, environmental, ethnic, and community interests and concerns. The civil society sector is the natural home of social movements, and it functions as a critical social safety valve, permitting aggrieved groups to bring their concerns to broader public attention and to rally support to improve their circumstances (Salamon & Sokolowoski, 2004).

vii. **As per size :**

❖ **Small sized :** Those with two to three staff members as full timers and many volunteers as part timers. Funds are based on local resources and local informal receipts from outsiders. The focus is outreach to a handful to villages or hamlets.

❖ **Medium sized :** This includes 10-12 full time staff members and a budget of 1724 USD or less per annum based on project grants, and coverage in one or two blocks in rural areas and two or three slums in urban areas.

❖ **Large sized :** These include more than a hundred full time staff members and a budget ranging 1700 to 8600 USD per year based on project grants from several national and international sources and coverage spreading over several states, if not complete coverage of a large state itself. Many such organizations have fairly autonomous state level projects or branches or sub-organizations.

➢ Apart from the above general basis of classification of NGOs, the classification NGOs has also been attempted by some authors. Some of them are:

➢ Indian voluntary organizations pursuing developmental goals and agendas have been classified based on their roles or functions (Mahajan, 1999):

• The first is defined as a public service contractor, who is engaged in service provision.

- The second is defined as a collaborator, who works with the government to generate desired development outcomes.
- The third is that of a social innovator who incubates new ideas, models and practices which address a particular developmental problem.
- The fourth role is that of policy advocates and social critics who focus on providing an analysis of emerging social, political, economic and environmental issues as well as the policies and practices of the government and international agencies.
- The fifth role is that of building civil society institutions which could be the basis for providing access, voice and representation to hitherto excluded and marginalized citizens.

NGOs can be classified into two broad categories (Salamon & Sokolowoski, 2004) :

Service functions: It involves the delivery of direct services such as education, health, housing, economic development promotion and the like.

Expressive functions: It involves those activities that provide avenues for the expression of cultural, spiritual, professional, or policy values, interests and beliefs. Included here are cultural institutions, recreation groups, professional associations, advocacy groups, community organizations, environmental organizations, human rights groups, social movements and the like.

Another way of classifying NGOs would be (Tandon, 2002) :

a) Field programme based (welfare, empowerment and innovation),organizations,
b) Support (capacity building and information) organizations,
c) Umbrella or network federations and associations,
d) Research and advocacy organizations,
e) Philanthropic (grant-making) organizations, and
f) Foreign organizations.

5.5 REGISTRATION OF NGOS :

Prior to deciding whether to get an NGO registered under the law or not, one must be clear about the intentions of forming an NGO, and its purpose and objectives. Clarity of thought as to why one intends to start an NGO and what one will achieve by establishing it as a legal entity is important in order to meet the aspirations of the founders and the community the organization is working in.

There are two types of NGOs that usually function in a country:

1. Registered NGOs
2. Non-registered NGOs

In principle, an NGO does not have to register itself to perform charitable, welfare or developmental activities. However, there are some specific activities which can be carried out only if an NGO is registered under the specific acts or laws governing NGOs (particularly related to fund-raising) in a country.

It is entirely up to the governing board of an NGO to decide whether it wishes to get the organization registered, or work as an unregistered organization. The logical question that would follows is "Why should one register an NGO, when there is no such legal binding to do so?"

5.6 NEED FOR REGISTRATION :

Once registered, a voluntary organisation becomes a 'legal entity' in its own right. It has a life of its own, independent of its members or founders and those working in it. Registration can take several forms.

❖ When an organization exists for a certain period of time and develops an identity of its own, in terms of its mission, purpose, tasks, activities, staff, physical characteristics, etc, then a legal form of registration helps strengthen that identity for the future.

❖ In relating to the environment, both to those who can provide services and to those who can utilize its services, a legal form of registration helps provide credibility to the organization. Most donors, be they governmental or non-governmental, prefer to provide resources to a legal organization and not to an informal group of individuals. This is so because the obligations upon a legal entity can be ensured beyond the life of a single individual or a group of individuals and can also be enforced in the eyes of the law.

❖ In relation to other elements in the environment, including those that provide opportunities for collaboration or working together and those that look at the organization as an instrument of a particular kind of change, acquiring a legal frame helps enhance the credibility of the organization. It essentially implies that a registered organization is likely to have a life of its own, continuity and stability over a long period of time.

5.7 PROCESSES AND ESSENTIALS FOR REGISTRATION :

Registration under the law can provide a legal umbrella to an autonomous, fully functioning group like an NGO. Therefore, it is important to recognize that the pre-registration phase is of crucial importance and must be paid considerable attention to, instead of a quick and hurried registration. The registration of an NGO has to be approached gradually and after considerable preparation.

In most countries, there are specialized departments or officers within local governments that deal with registering an NGO. There are several documents that need to be submitted, and these differ from country to country. Information on the NGO/NPO board, its mission statement, programmes and project information, staff members, funding sources, etc, are usually required at the time of registration. A typical set of documents to be submitted to the appropriate authority for registering an NGO includes:

- Memorandum of Association or bye-laws, including applicable rules and regulations;
- Report of annual activities, financial reports/audit reports;
- Sources and pattern of income and expenditure;

- Minutes of the Executive Board or General Assembly that endorses the setting up of the NGO; and Letters of support (references), etc.

In all countries and provinces, the laws that call for incorporation of NGOs as legal entities typically require statement of objectives, its location, founding members, etc. In order to understand the process in a convenient way, this Unit will discuss the registration process of a non-profit entity in a phased manner, i.e., pre-registration, during registration and post registration.

5.8 PRE-REGISTRATION PHASE :

Articulate Mission and Purposes : Before registering an NGO, the founder of the NGO should be clear about the purpose of the organization. A clear, written statement that describes the charitable mission and purposes of the organization becomes the driving force. This must be broad enough to reflect the values of the NGO and the reason for its existence. It is important to remember who the target community of the organization is and why it is important to reach out to this community. It is also necessary to envision what the organization will become and what the long term goals and objectives are. This should be done through a rigorous process of discussions and consultations.

Select a Name for the Organization : Before registering an NGO, it is important to choose a name. The name will also depend on the form of organization under which the NGO is being registered. It is also essential to research local government agencies and state offices to make sure that the proposed name is not already being used. This also applies to the logo if the NGO is going to have one. In case of any acronym that may be used with respect to the organization, this too needs to be decided now.

Identify Governing Board Members : To register a non-profit entity, the founder(s) must identify the governing board member/trustee or board of directors, which will be disclosed in the bye-laws. It is helpful to start with a small group of committed individuals because the first board is the foundation of the organization. The members must have strong legal, financial and technological skills and should be aware of the fact that they are expected to serve on the basis of the public's best interest. The members must be those who clearly understand the mission and goals of the organization and who have new and progressive ideas to contribute to its growth. Most importantly, the initial board should be able to work as a team in order to help the organization get started and gain acceptance among the community it intends to work in. The size and structure of the board, as well as the people who constitute the same, may change based on the size and needs of the organization and once the NGO becomes officially established. While selecting the board members, the guidelines of the registering authorities must be kept in mind, as different forms of registration have different sets of guidelines for membership to the board.

Drafting Bye-laws : A concrete set of bye-laws form the core of an NGO's identity and structure. Bye-laws are referred to by different names in different countries, including Articles of Association, Statutes, Articles of Incorporation, Constitution, etc. Having a clear set of bye-laws not only provides clarity to an NGO's structure and functioning, it also provides a basis for trustworthy relationships with other organizations and entities, and in building the NGO's identity. In many countries, developing and adopting a set of bye-laws

(and taking action on the issues stipulated in the bye-laws) is a critical pre-requisite for official registration with local authorities.

While the bye-laws ensure the accountability of the organization to the external world, they also represent the responsibilities the NGO has entrusted itself with. The bye-laws of an NGO specify how it will run. They act as a rule book determining structure, power and organization. The bye-laws are self-imposed by the NGO and, therefore, should conform to the needs of the specific organization. It helps resolve and minimize disputes and should be available to all members of the NGO for reference. The table below provides a standard list of articles/clauses, their content and sample text that can be adapted by a new NGO. It also identifies the various content areas that need to be discussed and written in the bye-laws.

5.9 POST REGISTRATION PHASE :

   i. **Hold an Initial Governing Board/Directors Meeting :** Once the NGO is legally registered, an initial board meeting should be held. The board members should officially adopt the bye-laws in the first meeting in order to explain how the board functions. The first meeting is important in establishing officers, committees, and discussing preliminary programmes and activities.

   ii. **Set up an Accounting System :** All NGOs need an accounting system in order to track where the money comes from and how it is being used. Since NGOs' finances tend to be closely scrutinized, it is important to put an effective accounting system into place to deal with the nuances of non-profit book-keeping and reporting. Seeking the help of an accountant who can help set up a book-keeping system and explain how to use it is a useful practice. Often, NGOs have an accountant on the board who is familiar with these systems, which is a useful option. It is also important to decide whether the book-keeping system should be cash or accrual.

Cash Based Accounting Is A System Where :

   ❖ Revenue is recorded when added to a bank account
   ❖ Expenses are recorded when money is withdrawn from the bank
   ❖ This system is very straightforward. However, it only merely informs the NGO about its bank balance. It does not reveal information on how much money might be owed to the organization or vice versa.
   ❖ Accrual Based Accounting Records:
   ❖ Revenue that is earned (may be before or after it is received)
   ❖ Expenses when incurred (may be before or after payment)

In general, it seems that the information provided through accrual based accounting is more useful to an organization than cash based accounting because it paints a broader financial picture. It allows an NGO to see through not just its immediate payments and deposits, but also what kind of money it owes or may receive in the future. This allows an organization to be more aware of its financial status.

Once the NGO decides what the book-keeping system should be, it is essential that all financial transactions are documented and recorded into financial journals by the book-keeper.

Develop A Resource Mobilization Plan : An NGO requires financial support in order to begin functioning. Money required for an NGO to operate primarily goes into its programmes and the overall operation of the NGO (administration, utilities). The founder-members should be active participants in fund raising and it is important that writing grants, seeking contributions and other fund raising skills are those that are acquired early in the process of NGO development. In order to come up with the best fund raising strategy, it is important to identify the needs of the NGO and the sources that can best fulfil these needs.

iii. Making Visibility and Setting Up The Organization : Once the NGO has been registered, it is important to express visibility and prepare the organization for start-up work. There are a few miscellaneous tasks that must be completed before the NGO can fully operate. Some of these include:

- Hiring staff and volunteers;
- Reaching out and becoming known in the community;
- Seeking office supplies (furniture, computers, and machinery);and
- Insuring the NGO

In furtherance to this, programme activities can be discussed and implemented. It may take about a year before these prove to be successful. Finally, at the end of the first year, it is important to review the mission, goals and vision to make sure the NGO has been able to fulfil its mandate. Critiquing programmes and activities to see what can stay or needs to be changed is also beneficial. Some of these steps and processes will be discussed in detail in the upcoming modules.

5.10 ADVANTAGES OF REGISTERING AN NGO :

Specific advantages accrue to 'registered NGOs' as compared to non-registered counterparts. Some of them are:

- ❖ Ideally, registration leads to the development of systematic thinking and functioning of NGOs due to the legal obligations required of a registered NGO
- ❖ Registered NGOs obtain legal status in order to enable them to interact with the government, and among donors and other organizations
- ❖ Members are able to represent the organization
- ❖ A registered NGO can open a bank account in the name of the organization, or sign contracts in the name of the organization
- ❖ A registered NGO can also qualify for financial assistance from government agencies and local, national and international donors
- ❖ It can also take guidance and help from relevant registration authorities, contract funds and support from relevant departments
- ❖ A registered NGO can seek tax exemption from certain incomes, training opportunities, technical assistance, and concessions when obtaining vehicles, equipment and commodities

❖ A legal frame also helps provide a greater degree of possibility for longevity and continuity of the organization

❖ The legal framework also provides limited liability for membership, particularly those who founded it and helped set it up in the beginning. Therefore, in the event of the organization facing a loss or a problem, and to the extent that its leadership can be shown to be acting with bona-fide intentions, the loss or problem cannot be attached to the personal assets, reputation, or life of an individual or a group of individuals.

However, the above listed benefits are broad generalizations, which are not uniformly spread across all types of registrations and nor are all NGOs able to claim them.

5.11 DISADVANTAGES OF GETTING AN NGO REGISTERED :

Along with the benefits that come along with a 'legal status', this legality also entrusts the NGO with an array of responsibilities and dutiful accountabilities.

Therefore, the process of registration can well be regarded as a double-edged sword, as once an organization is registered as a legal entity, it is bound by certain rules, procedures, norms and laws which are outlined in that particular form of registration.

Some of the obligations that come along with the 'legal status' are:

i. The organization is regulated through various other legal and constitutional provisions of the laws of the land

ii. The NGO has to ensure timely filing of returns and meet other statutory obligations

iii. Getting registered as a 'legal entity' also entrusts the NGO with the responsibility of meeting various statutory obligations under different laws and regulations

iv. It has to stick to a pre-decided organizational structure and maintain transparency in its functional activities

v. Once registered, obligations include reporting to the local government, keeping detailed financial records, setting up office space, etc.

5.12 SUMMARY :

In this unit, you were introduced to the NGO, types of NGOs, advantages and disadvantages of registration, importance and relevance of registering NGOs. Further, the different options available for NGO registration in India were detailed and analysed. The Module provided the details of the process of registration, and the various requirements associated with it.

5.13 KEYWORDS :

1. Registration,
2. NGO

5.14 EXERCISE :

1. Explain the process of Registration of an NGO and its importance?
2. Analyze different option available for registration of NGO?

5.15 REFERENCES :

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LESSON - 6
THE SOCIETIES REGISTRATION ACT, 1860

OBJECTIVES :

The objective of this lesson is to make the student understand how to registrar a Society, effects and non-effects of registration. The student will gain knowledge about the Societies Registration Act, 1860.

CONTENTS :

6.1 INTRODUCTION :

Registration of Societies :

A society has been described as a company on association of persons generally incorporated united together by mutual consent to deliberate determine and act jointly for some to include club, institution on organisation or Association of persons by what so ever name called. The legal thesaurus by William C Burton refers society to include Association Bloc, Body, Class, Cheque, Club Coalition, Combine, Commonwealth, Confraternity, Consociation, Group, Institute league, organised group and Religions sect. etc. Societies are formed to help promote human values because they work on non-profit basis. A society is formed to achieve charitable or promotional objects.

The Societies Registration Act, 1860 lays down procedure for registration of societies for various bonafide purposes stated in the Act.

The registration gives the society a legal status and is essential for:

     i. Opening bank accounts
     ii. Obtaining registration approvals under Income Tax Act.
     iii. Lawful vesting of properties of societies and
     iv. Recognition to the society at all forums and before all authorities.

- The provisions of the Societies Registration Act 1860 aim at improving legal condition of societies established for promotion of literature science on fine arts as for diffusion of useful knowledge as for charitable purposes.
- The Societies Registration Act is a central legislation and has been adopted by most of the State Governments with/without certain amendments.
- Some of the states who have adopted the Act have also framed their Rules, for implementation of the Act. However, certain States have in acted their own law for regulation of societies in their states. These are:

    1. Andhra Pradesh Societies Registration Act, 2001
    2. Himachal Pradesh Societies Registration Act, 2006
    3. Jammu and Kashmir Societies Registration Act, 1941
    4. Karnataka Societies Registration Act, 1960
    5. Madhya Pradesh Society Registration Adhiniyam, 1973
    6. Meghalaya Societies Registration Act, 1983
    7. Mizoram Societies Registration Act, 2005
    8. Rajasthan Societies Registration Act, 1958
    9. Tamilnadu Societies Registration Act, 1975
    10. Travancore Cochin Literary Scientific and Charitable Registration Act,
    11. West Bengal Societies Registration Act, 1961

Preamble :

The preamble to the Act States,

Whereas it is expedient that provision should be made for improving the legal condition of Societies established for the promotion of literature science, or the fine arts as for the diffusion of useful knowledge, the diffusion of political education for charitable purposes.

6.2 REGISTERED AND UNREGISTERED SOCIETIES :

Unregistered societies differ from registered ones in respect of certain consequences Thus:

  i. Properties belonging to a society registered under the Act are deemed to be vested for the time being in the governing body of such society in not vested in the trustees.

  ii. A suit can be filed by as against a registered society:

    a. In the name of certain office bearers as trustees as provided by the rules and regulations of the society or

    b. In the name of such persons as may be appointed by the governing body of the society. In the absence of registration a society has no legal status and therefore, it cannot be sued.

  iii. If a judgment is obtained against a person of officer named on behalf of the registered society, such judgment cannot be enforced against the property of the society alone by registration an unregistered society acquires a status only to make it convenient for carrying out the purposes for which it has been established.

6.3 SOCIETIES FORMED BY MEMORANDUM AND REGISTRATION :

Any seven or more persons associated for any literary, scientific on charitable purpose may by subscribing their names to a memorandum of association and filing the same with Registrar of Joint Stock Companies form themselves into a society under Societies Registration Act, 1860.

6.4 ELIGIBILITY :

Besides individuals, the following persons are eligible to form a society by subscribing to the memorandum of a society:

a) **Foreigners :** Foreigners can also subscribe to the memorandum of a society if the society is to be registered in India. Indian law will apply even if all the subscribers are foreigners. A society will be a foreign society if it is registered outside India although all the members are of Indian origin.

b) **Partnership Firm :** The position of a partnership firm regarding its eligibility to subscribe to the memorandum of society is not clear from the provisions of the Partnership Act, 1932 as from judicial pronouncements sub-section (3) of section 8 of the Companies Act 2013 permits a partnership firm to become a member of non-profit company. Under section 3 of the A.P. Societies Registration Act 2001, a society of which a firm whether registered on not is a member shall not be registered under the Act.

c) **Limited Company :** Limited company being a legal entity can subscribe to the memorandum of a society through its authorised attorney.

d) **Registered Society :** A registered society can subscribe to memorandum of association of proposed society. It being a legal entity, it can subscribe through its constituted attorney.

e) **Minors :** The provision of the Societies Registration Act, 1860 and judicial pronouncements on the Act are not clear about the eligibility of minor signing the memorandum of the society.

Minors can become members of a company by applying through the natural guardian for being registered, as a member of a company, was entitled to be so registered if shares were fully paid up. Although a minor cannot subscribe to the memorandum, he may become member later on through his guardian.

6.5 DOCUMENTS REQUIRED TO FORM A SOCIETY :

The Societies can be shaped for any lawful purpose. The Societies are usually shaped for the promotion of religion, charity, art, literature, sports, medical work etc. The Societies Registration Act of 1860 is a central enactment which governs the formation and functioning of societies all in excess of India. Though, a number of states have enacted laws of their own to regulate the societies. The two principal documents that are required are:

➢ Memorandum of Association, in duplicate, neatly typed and pages serially numbered.
➢ The (byelaws) Rules and regulation of the society in duplicate.

A Covering letter requesting for registration stating in the body of the letter several documents annexed to it. The letter is to be signed through all the subscribers to the Memorandum or through a person duly authorized through all of them to sign on their behalf.

6.6 CONTENTS OF THE MEMORANDUM OF ASSOCIATION :

The memorandum of Association should be drawn up with the:

➢ Name of the society,

➢ Objects of the society,

The names, addresses, job, and signatures of the persons who have joined jointly to form the society.

It necessity be ensured that the memorandum of Association is typed on stamp paper of a specified value before execution. The memorandum should be signed through all the persons (minimum of seven) joining the society, and witnessed through two persons.

6.7 SIGNIFICANT BYE LAWS OF THE SOCIETY :
➢ Name of the society,
➢ Address of the registered office,
➢ Name of the persons to sue and to be sued on behalf of the society,
➢ Method of enrolment of members
➢ Rights and obligations of members
➢ Manner of transaction of business of the society,
➢ Methods of investment of society funds,
➢ Methods of dissolution of the society,
➢ Provision of disposal of property on dissolution.
➢ In addition the following provisions have to be made:
➢ Provision relating to admission of members,
➢ Age limit and cessation of membership,
➢ Membership fees,
➢ Proceeding including voting through members,
➢ General Body meeting,
➢ Proceedings of the meeting of the Governing Body,
➢ Duties and Powers of the office bearers.

6.8 REGISTRATION OF A SOCIETY :

If the Registrar is satisfied with the documents filed, he then requires the applicant society to deposit the registration fee; normally it is Rs.501- payable in cash or through a demand draft. After the registration formalities have been completed and the Registrar is satisfied that the provisions of the Act have been complied with, he then issues a certificate of Registration and copies of the Rules and Regulations and Memorandum certified in his hand.

6.9 PURPOSE FOR WHICH A SOCIETY CAN BE FORMED :

A society can be formed for the promotion of literature, science on the fine arts or the diffusion of useful knowledge political education or for charitable purposes. Section 20 of the Societies Registration Act 1860 specifies the following purposes for which societies may be registered under the Act:

  i.   Grant of charitable assistance
 ii.   Creating of Military orphan funds
iii.   Societies established it the general presidencies of India
 iv.   Promotion of:
   • Science
   • Literature
   • Fine Arts
   • Instruction on diffusion of useful knowledge
   • Diffusion of political education
   • Foundation or maintenance of Public museum and galleries of
   • Painting

- Working of art

collections of natural history Mechanical and philosophical inventions, instruments or design.

6.10 PURPOSE AND ACTIVITIES OF SOCIETY :

Purpose means the fundamental principles upon which the association was formed and the trust created. Purpose is different from the activities on the programme of the society. For example, if a society is founded for the purposed of promotion of literature, it may in its rules, provide for variety of activities, such as giving scholarships to deserving student, holding essay competitions, awarding prized for best books, organising conferences for popularizing a language etc. Purpose construes the main object on the central area of the society as distinguished from its detailed activities which are obviously directed towards the purpose. The various forms of societies in vogue and their primary purposes are indicated.

(a)	School, colleges, libraries	Education
(b)	Hospital, Dispensaries, Health centres	Health and Medical Aid
(c)	Printing Schools and Proses polytechnics, vocational Training centres etc	Technical Training and demonstration for providing better employment opportunities
(d)	Orphanages, Hostels Homes for the aged and the handicapped clubs	Social welfare
(e)	Voluntary organisation social service societies, research institutes	Development

Recreation or Enjoyment The question whether a society can be registered under the Societies Registration Act 1860, or other corresponding Act having recreation and enjoyment as one of its objects has neither been answered in the statute nor discussed or decided in law court. In England the query has been returned in negation under the Perversions of Literary and Scientific Institution Act, 1854.

However, under Tamil Nadu Societies Registration Act, promotion of recreation has been included as an object for which a society may be formed and registered. Besides, promotion of sports and games (a recreation activity) has been included in Delhi State Amendment and also under the laws framed by Andhra Pradesh Tamil Nadu, Meghalaya and Karnataka.

Charitable Purpose : Lord Camden has defined charitable purposes as a gift to general public which extends to poor as well as the rich equal. It may be noted as universal rule that the law recognises no purpose as charitable unless it is of a public character, that is to say a purpose must, in order to be charitable be directed to the benefit of the community or a section of the community.

Charitable purpose includes not only relief of the poor education and medical relief alone, but advancement of other objects of general public utility as well.

The expression object of general public utility however is not restricted to objects beneficial to the whole mankind. An object beneficial to a section of the public is an object of general public utility to serve a charitable purpose, it is not necessary that the object should be to benefit the whole of mankind or even all persons being in a particular country or province. It is sufficient if the intention to benefit a section of the public as distinguished from specified individuals.

6.11 OTHER IMPORTANT REGISTRATION RELATED PROVISIONS :

A society should be registered in the state in which its registered office is situated. The registration of a society has to be done under the Act wherever obtaining and not in the state where the benefit is claimed.

Once the persons proposing to form a society have decided upon the name of the society and have prepared drafts of Memorandum and Rules and Regulations of the Society, procedure detailed in following paragraphs may be adopted for getting the society registered.

6.12 SIGOURNEY OF MEMORANDUM OF ASSOCIATION :

All the subscribers memorandum should sign each page of the memorandum and the signatures should be witnessed by an Oath Commissioner, Notary Public (Notary Stamp duty affixed) Gazetted officer, Advocate Chartered Accountant or Magistrate Ist Class with their rubber/official stamp and complete address.

An illiterate person may put his thumb impression which should be describe as LTI or RTI by a person who should also put the name of subscriber and attest it by his own signature. An endorsement to the fact that the contents of the document have explained to the subscribes should also be given.

Persons desirous of forming a society should also become members of the first governing body. An outsider cannot become member of the first governing body. A outsider cannot become member of the governing body in the first instance.

6.13 SIGNATURE ON RULES AND REGULATIONS :

The rules should be signed by at least three members of the governing body. Following certificate should be given at the end of the rules and regulations:

"Certified that this is the correct copy of rules and regulations of the society"

Sd   Sd   Sd

(President) (Secretary) (Member)

6.14 FILE THE REQUIRED DOCUMENTS WITH THE REGISTER OF SOCIETIES :

Following papers should be filed with the Registrar of Societies (titles by which registering authorities are known in different states) registration of a society under the Act:

a) Cover letter requesting for registration stating in the body of letter various documents annexed to it. It should be signed by all the subscribers to the memorandum or by a person authorised by all of them to sign on their behalf.

b) Memorandum of Association in duplicate along with a certified copy. It should be neatly typed and pages serially numbered.

c) Rules and Regulations/ Bye laws in duplicate duly signed.

d) Where there is a reference to any particular existing places of worship like Temple, Masjid, Gurudwara, Church or Budhvihar etc. sufficient documentary proof establishing legal competence and control of applicant society over such places should be filed.

e) Affidavit on non-judicial stamp paper of appropriate value sworn by the president or secretary of the society starting relationship between the subscribers. The affidavit

should be attested by an Oath Commissioner Notary Public (Notarial stamp duly affixed) or Magistrate 1st Class.

f) Documentary proof such as House Tax receipt rent receipt in respect of premises shown as Registered Office of the society on no objection certificate from the owner of the premises.

6.15 REGISTRATION FEE :

Normally fee of 50/- is payable as registration fee of a society and it should accompany the request for registration payable in cash or by Demand Draft. In the Union Territory of Delhi, the Registrar intimates the applicant society by a letter stating that all the formalities have been completed and the documents filed are acceptable. The applicant society is required to deposit the registration fee after receipt of the letter.

Formalities of registration and requirement of documents etc,. may differ slightly from state to state. The applicants may, therefore contact in advance the Registrar of Societies having jurisdiction.

6.16 REGISTRATION CERTIFICATE :

On receiving the relevant documents the Registrar shall satisfy himself about the compliance of the provisions of the Act and correctness of the documents and then certify in his hand that the society is registered under the Act of 1860 on other corresponding Acts.

6.17 PRESUMPTION OF REGISTRATION :

Presumption that the society was duly registered under the Act arises not on the certificate of Registration granted by the registrar but on the certified copies of the rules and regulations and memorandum certified under Section 19 of the Act which constitutes them as prima facie evidence of the matters therein contained.

6.18 EFFECTS OF REGISTRATION OF A SOCIETY :

The registration of society under the Act of 1860 gives it the status of a legal entity or a juridical person when the society is registered, it and its members become bound to the same extent, as if each member had signed the memorandum. Once a registration is affected, objects of a society as are in consistent with the provisions of the Act become in operative. A society registered under the Act must confine its activities to the sphere embraced by its objects. A tax imposed on a society is one imposed on the society and not on its members. A society registered under the Act enjoys the status of a legal entity apart from the members constituting it. A registered society is a legal person just as an individual but with no physical existence. As such it can acquire and hold property and can sue and be sued.

Need for Registration : Once registered, a voluntary organisation becomes a 'legal entity' in its own right. It has a life of its own, independent of its members or founders and those working in it. Registration can take several forms.

i. When an organization exists for a certain period of time and develops an identity of its own, in terms of its mission, purpose, tasks, activities, staff, physical characteristics, etc, then a legal form of registration helps strengthen that identity for the future.

ii. In relating to the environment, both to those who can provide services and to those who can utilize its services, a legal form of registration helps provide credibility to the organization. Most donors, be they governmental or non-governmental, prefer to

provide resources to a legal organization and not to an informal group of individuals. This is so because the obligations upon a legal entity can be ensured beyond the life of a single individual or a group of individuals and can also be enforced in the eyes of the law.

iii. In relation to other elements in the environment, including those that provide opportunities for collaboration or working together and those that look at the organization as an instrument of a particular kind of change, acquiring a legal frame helps enhance the credibility of the organization. It essentially implies that a registered organization is likely to have a life of its own, continuity and stability over a long period of time.

Processes and Essentials for Registration : Registration under the law can provide a legal umbrella to an autonomous, fully functioning group like an NGO. Therefore, it is important to recognize that the pre-registration phase is of crucial importance and must be paid considerable attention to, instead of a quick and hurried registration. The registration of an NGO has to be approached gradually and after considerable preparation. In most countries, there are specialized departments or officers within local governments that deal with registering an NGO. There are several documents that need to be submitted, and these differ from country to country. Information on the NGO/NPO board, its mission statement, programmes and project information, staff members, funding sources, etc, are usually required at the time of registration. A typical set of documents to be submitted to the appropriate authority for registering an NGO includes:

- Memorandum of Association or bye-laws, including applicable rules and regulations;
- Report of annual activities, financial reports/audit reports;
- Sources and pattern of income and expenditure;
- Minutes of the Executive Board or General Assembly that endorses the setting up of the NGO; and
- Letters of support (references), etc.

In all countries and provinces, the laws that call for incorporation of NGOs as legal entities typically require statement of objectives, its location, founding members, etc. In order to understand the process in a convenient way, this Unit will discuss the registration process of a non-profit entity in a phased manner, i.e., pre-registration, during registration and post registration. Benefits of Society Registration: A Society is a collection of individuals that cohabitate together, an organisation or a club, wherein the members deal with philanthropic activities predominantly. The Societies concentrate on activities such as education, sports, music, art, culture, literature, religion, and other related genres. The activities of such Societies are regulated by the Society Registration Act 1860. The Act also lays out the procedure and the prerequisites for getting a Society registered. The state governments have adopted the Act, by making a few necessary amendments.

Registering a Society in India : The Society Registration Act, 1860 mandates that there should be a minimum of 7 members to get a Society registered. The Act does not hold any reservations purely for Indian citizens but extends its ambit to corporate, foreign citizens, and also to other registered Societies. Further, the Act does not mandate the registration of Societies. Just like a partnership firm, Societies can be registered or unregistered. Yet, the registration of Societies does fetch them some solid benefits which otherwise would be unavailable. For instance, a registered Society is bestowed with legal recognition and hence can be acknowledged as a separate entity. Such Societies can purchase, hold or sell properties and also have the legal capacity to sue or be sued.

The registration of Societies is taken care of by the respective State governments. Therefore, the application for registration must be addressed to the authority empowered by the State in which the registered office is situated. It is mandatory that the members of the Society must first agree upon the name of the Society Registration, which should be unique and not bear any similarities to the names of the existing Societies. Thereafter, the members should draft the Memorandum of Association and the Rules and Regulations of the Society before proceeding with the registration.

Merits of Getting a Society Registered in India : Although the registration of a Societies is not compulsory, it is urged that these forums get legally registered in order to reap the following benefits:

➢ Society gets legal recognition and is considered to be a separate legal entity
➢ The Society, after registration, gains the ability to sell, hold, acquire, lease, and rent a property. The compliance requirements are less complex when a registered Society holds property in its own name. Further, there are no legal hassles when there is a transfer of ownership in the property
➢ A registered Society has the right to impose legal proceedings in court when the need arises
➢ On registration, the Society becomes eligible for tax exemptions, provided it has the 80G certificate from the Income Tax authorities
➢ Regardless of the change in the membership, the Society, once registered, always remains a separate legal entity
➢ Members are not liable for the debts and liabilities of the Society. But in case of deliberate fraudulent actions on behalf of the members, they will be held responsible for the same
➢ A registered Society can hold an account in an authorized bank in its own name
➢ A registered Society has the privilege to collect and accumulate funds from external sources.

An unregistered Society is not given the status of a separate legal entity and hence such Societies won't have the privilege to experience the advantages stated above. When a Society is managed by foreign citizens but is operated in India, it would be considered an Indian Society, and the Indian laws will be applicable to it.

Procedure for Registration of Cooperative Society :

❖ The members must first choose the state in which the Society is going to be registered and have to carry out the registration procedures as per the respective State law
❖ The members must then decide on a suitable name and then draft the objectives of the Society
❖ They can seek the help of a legal practitioner to draft the Society's Memorandum of Association (MoA)
❖ A covering letter, which acts as the formal requisition for registration should be submitted
❖ An affidavit delineating the relationship between the members is to be furnished
❖ It is of crucial importance that the members of the Society affix their signatures in the MoA under the witness of a Notary Public
❖ Further, the Society's Rules and Regulations must be signed by at least 3 members of the governing board

- ❖ The MoA, the Rules and Regulations document, along with the other mandatory documents must be furnished with the Registrar of Societies or any other official authorised by the state
- ❖ After verifying the documents, the Registrar can either approve or reject the application or can request additional details if required
- ❖ The certified copies of the said documents serve as the initial evidence of registration of the Society
- ❖ If the local bodies are satisfied with the accuracy of records thus submitted, the registration is granted.
- ❖ A Society that is not registered under the Societies Registration Act, 1860 is not considered a separate legal entity
- ❖ An unregistered Society does not have the right to sue another party or to enforce legal proceedings in court for settling legal disputes
- ❖ Tax exemptions under the Income Tax Act, 1961 are not available to unregistered Societies
- ❖ Unregistered Societies do not attract much credibility from the public and are often viewed as an immaterial entity
- ❖ Shifting of ownership and transfer of property becomes challenging in the case of unregistered Societies.

Although, registration of Societies is a little cumbersome and involves strenuous paperwork, going through the ordeal is worth it beyond doubt. To get it registered and at the same time, to escape the agony of going through the paperwork and documentation, the only way out is to outsource the work and let the professionals handle it.

6.19 EFFECTS OF NON REGISTRATION :

The society should be registered under the Act to acquire the status of a juridical person. In absence of registration, all the trustees' in charge of the fund have alone a legal status and the society has no legal status and therefore, it cannot sue and be sued. A non-registered society may exist in fact but not in law. It is immaterial under the Act whether the society is registered, but where the benefit is claimed, the registration of society under the Act is required, an unregistered society cannot claim benefit under the Income Tax Act.

6.20 SUMMARY :

A society has been described as a company on association of persons generally incorporated united together by mutual consent to deliberate determine and act jointly for some to include club, institution on organisation or Association of persons by whatever name is called. The Societies Registration Act, 1860 lays down procedure for registration of societies for various bonafide purposes stated in the Act. The Societies Registration Act is a central legislation and has been adopted by most of the State Governments with/without certain amendments. Some of the states who have adopted the Act have also framed their Rules, for implementation of the Act. Any seven or more persons associated for any literary, scientific on charitable purpose may by subscribing their names to a memorandum of association and filing the same with Registrar of Joint Stock Companies form themselves into a society under Societies Registration Act, 1860. A society can be formed for the promotion of literature, science on the fine arts or the diffusion of useful knowledge political education or for charitable purposes. Section 20 of the Societies Registration Act 1860 specifies the purposes for which societies may be registered under the Act. The registration of society under the Act of 1860 gives it the status of a legal entity or a juridical person when the society is registered, it and its members become bound to the same extent, as if each member

had signed the memorandum. Once registrations are affected, objects of a society as are in consistent with the provisions of the Act become inoperative.

6.21 KEYWORDS :

1. Society,
2. Registration.
3. Societies Registration act, 1860,
4. Establishment,
5. Registration fee,
6. Registered & Unregistered Societies,
7. Societies formed by Memorandum and Registration,
8. Eligibility,
9. Documents required to form a Society,
10. Contents of Memorandum of Association,
11. Significant Bye Laws of the Society,
12. Registration of A Society,
13. Purpose for which a Society to be formed,
14. Purpose and Activities of Society,
15. Other Important Registration Related Provisions,
16. Sigourney of Memorandum of Association,
17. Signature on Rules and Regulations,
18. File the required documents with the Register of Societies,
19. Registration Fee,
20. Registration Certificate,
21. Presumption of Registration,
22. Effects of Registration of a Society,
23. Effects of Non-registration.

6.22 EXERCISE :

1. Why is legal status through registration required for societies?
2. Discuss the purpose for which a society can be formed.

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LESSON - 7
LEGISLATIONS RELATING TO TRUST

OBJECTIVES :

The objective of this lesson is to make the student understand the concepts of Trust, Legislations relating to Trust, Objectives of Trust and Methods of creating Trust.

CONTENTS :

7.1 DEFINITIONS :

TRUST : The three parties (settlor, trustee and beneficiary or trust) are linked by a trust deed which documents the relationship between and vis-a-vis the trust property. Trusts are commonly classified as private/family and public trusts. The main difference between a private and public trust is that while the beneficiary of a private trust is one or a few individuals (mostly family members of the donor), the beneficiary of a public trust is the general public. For the purposes of forming an NGO enduring public benefit a public trust can be formed.

There are two statutes relevant to functioning of Trusts in India: The Indian Trusts Act, 1882; and Charitable and Religious Trusts Act, 1920. Public trusts are however governed by general law though the principles forming the basis of the Indian Trusts Act can be applied in the case

The trust should be formed in such an area, which is legal to use. Trust can provide many benefits to needful people. For students, it can provide education. It can also provide medical help to the people and also offer good food for the poor folks. Such trusts which benefit the people are known as public trusts. Establishing trust is a noble cause, and it helps one in one's life. Trust provides facilities for social benefit and public welfare, and hence it helps many people to live a good life. To establish and register a trust, one must go through a legal procedure in India. There are many benefits of trust registration. Also, it is good to help the needy and the poor people of society.

Types of Trusts : In India, there are different purposes for which an individual can establish trust. As per the laws, trusts are classified into different types. The following are the few significant types of faith in India: –

a. Charitable
b. Asset protection
c. Special needs
d. Spendthrift

    e. Testamentary
    f. Revocable
    g. Irrevocable

Based on the possession of the trust, it is classified as public, private, or public cum personal trust. Private trusts work as per the Indian trusts Act, 1882's provisions. At the same time, the public trust functions as a charitable or religious trust.

Advantages of Registering a Trust :
There are many advantages of registering a trust in India. A few of the significant advantages are as follows: –
- Statutory rights
- Fewer audits
- Proper errorless charitable activities
- Autonomous
- Executes a proper control
- Benefits to the successors and heirs
- Taxation benefits for long-term
- These advantages are for the trustees and the owners of the trust. Also, the beneficiaries are benefitted from the trust activities.

Important Points While Registering a Trust : In India, there are many rules and regulations when registering a trust. One must abide by all the rules for one's benefit. The following are the few most critical points while registering a trust: –
- Trustees must not turn away from the beneficiaries' interests.
- Trustees must use the powers as per the law.
- Trustees should not violate the deed.
- Trustees must not change the regulation of the trust, which hamper the trust's integrity.
- Private trusts are comparatively less stable than public trusts.
- The trustee must compensate for any violation of the trust regulations.
- Public trusts can merge with other public trusts with similar goals.
- Public trusts act under government norms, and private trusts are autonomous and have their norms.
- These were some points about trust registration in India. There are many other points related to trust registration; one can read them on the internet.

Benefits of Trust Registration : There are many benefits of trust registration in India. The following are its significant benefits of it:
- Getting involved in charitable undertakings
- A charitable trust helps in benefitting oneself from one's assets. It benefits the beneficiaries and the charity. A person without possession of assets can benefit from the trust. This is one of the significant benefits of the trust.

Getting access to tax exemptions : The registered trusts in India get many tax exemptions. These are offered by the Income Tax Department of the Indian government. As the trust's objective is not to generate profits, it can be included in the tax exemption laws. A trust with a registered deed can only avail of these benefits. From the stringent taxes, the trust can facilitate better coverage.

Encountering fewer legal hindrances : According to the Indian Trusts Act, of 1882, the trust can ensure legal protection. The trust's legal standing can also not be harmed by any third party making unnecessary claims. Hence, there are many legal benefits to the trust. This helps protect the beneficiaries, the trustee, and the trust owner.

Ensuring coverage for family wealth : An individual will need to split the trust into different parts for the newer generation of the family. The government has made laws for this problem as well. The trust can allocate assets such as land or interest, later dividing them into parts. Hence, an individual can divide the conviction based on this basis.

Providing financially affronted persons many benefits : With the help of the different trust activities, one can provide facilities to help poor people and the other masses. The trust can provide shelter, food, and clothes to needy people. It can also ensure that it allows small children to get the proper education, helping everyone live a good life and have a bright future.

Immigration of the family : To protect one's family assets and be flexible in the organization, one can establish trust if an individual is moving to another country. It helps in getting rid of the different taxes as well. One can ensure more protection of one's assets and avoid paying taxes legally. One can explore this option while moving to some other country.

Preventing the probate court : Any individual can leverage the trust registration to transfer the heir's assets without a proper Will. The trust is a private agreement that does not require any additional registration. Hence, the ownership can be changed without the need for a Will, with the help of the trust's registration. It can also prevent the economic issues the surviving spouse often faces while waiting for the probation of the grant.

> ➢ These were the significant benefits of registering one's trust. Many individuals in India move abroad after registering their trust here in India. And, they avail many tax benefits and assets protected with the help of this activity. One can also think of this if one is capable of establishing trust.

> ➢ Hence, establishing trust is a noble cause, as it helps poor people to live better lives. Also, registering a trust helps the beneficiaries and the trustee with many legal and taxation benefits. One can learn about the different legal benefits of trust registration with an expert's help.

> ➢ There is a law firm called 'Vakilsearch,' which can help get more information about the different activities of a trust and its benefits. This firm has worked in the law domain for several years and has helped many individuals with their best services. They are experts in providing the best solutions to one's legal, taxation, and compliance problems.

> ➢ They are famous for their services like company registration, GST registration, accounting, business compliance, and many more. Also, their expert solutions work well. Vakilsearch is the best place to resolve one's doubts regarding trust registration.

INDIAN TRUSTS ACT, 1882 [Act No. 2 of 1882]. :

> ❖ It is an Act to define and amend the law relating to Private Trusts and Trustees. This Act extends to the whole of India except the State of Jammu and Kashmir and the Andaman and Nicobar Islands.

> ❖ In India, trusts are primarily governed by the Indian Trusts Act, 1882. This legislation provides the legal framework for the creation, administration, and dissolution of trusts in the country. Here are key provisions of the Indian Trusts Act, 1882:

1. **Definition of Trust :** The Act defines a trust as an obligation annexed to the ownership of property and arising out of a confidence reposed in and accepted by the owner or declared and accepted by him for the benefit of another or of another and the owner.

2. **Creation of Trusts :** The Act outlines the requirements for creating a valid trust, including the capacity of the settlor, clear intention to create a trust, transfer of trust

property, and the existence of a beneficiary. The trust may be created by a written document or through oral declaration, depending on the nature of the trust.

3. **Trustee's Duties and Powers :** The Act sets out the duties and powers of trustees. Trustees are obligated to administer the trust in good faith, exercise reasonable care and diligence, and act in the best interests of the beneficiaries. The Act also provides guidelines for the investment of trust property and the delegation of trustee's powers.

4. **Rights and Liabilities of Beneficiaries :** The Act specifies the rights of beneficiaries, including the right to enforce the trust, receive information about the trust property, and seek remedies for breach of trust. It also outlines the liability of beneficiaries for acts or omissions that may harm the trust property or its administration.

5. **Variation and Termination of Trusts :** The Act allows for the variation and termination of trusts under certain circumstances. Variation of a trust can occur by consent of the beneficiaries and with the approval of the court. Termination of a trust can happen through fulfillment of the trust's purpose, by agreement of the parties involved, or by court order.

Apart from the Indian Trusts Act, 1882, other laws in India may have implications for specific types of trusts, such as charitable trusts or religious endowments. Additionally, certain state governments may have their own regulations and legislations pertaining to trusts.

It is important to consult legal professionals and refer to the Indian Trusts Act, 1882, and any relevant state-specific legislations for accurate and up-to-date information regarding trusts in India.

CHARITABLE AND RELIGIOUS TRUSTS ACT, 1920[Act no. 14 of 1920] :

An Act to provide more effectual control over the administration of Charitable and Religious Trusts and Public Trusts. It extends to the whole of India except the State of Jammu and Kashmir.

All public charitable trusts in the state of Maharashtra are governed by the Bombay Public Trusts Act, 1950. The same Act, with minor changes, is also operational in the state of Gujarat. The State of Rajasthan has the Rajasthan Public Trusts Act of 1959 and State of Madhya Pradesh has Madhya Pradesh Public Trust Act of 1951. In certain southern states like Andhra Pradesh, there are endowments Acts, while a number of northern and north-eastern states in India have no exclusive State Trust Acts.

A Trust is an obligation annexed to the ownership of property and arising out of confidence reposed in and accepted by the owner, or declared and accepted by him, for the benefit of another, or of another and the owner. The person who reposes the confidence is called 'author of trust' (founder, settlor, testator), the person who accepts the confidence is called 'trustee' and the person for whose benefit the confidence is accepted is 'beneficiary'. The subject matter of a Trust is called 'trust property' or 'trust-money. The instrument by which a Trust is declared is called 'instrument of trust' or trust deed.

A Trust can also be created through a will or testament and the maker of the will is called testator. If the purpose is to benefit particular individuals, it becomes a Private Trust and if it concerns some purpose of the common public or the community at large, it is called a Public Trust. There is no central exhaustive law governing public charitable trusts, although most states have "Public Trusts Acts." In the absence of a Trusts Act in any particular state or territory, the general principles of the Indian Trusts Act 1882 are applied.

7.2 PERSONS TO ESTABLISH A PUBLIC TRUST :

Public trusts can be formed by any person under general law. It is essential that the transferor of the property viz. the settlor or the author of the trust must be competent to contract. As a general rule, any person who has power of disposition over a property, has the capacity to create a trust of such property. According to Section 7 of the Transfer of Property Act, 1882, a person who is competent to contract and entitled to transfer the property or authorized to dispose of transferable property not his own – such a person is required to form a Trust. Thus, two basic things are required for being capable of forming a Trust – power of disposition over property and competence to contract.

Every person capable of holding property can become a trustee. Similarly, the trustees should also be persons who are competent to contract. It is also very essential that the trustees should signify their assent for acting as trustees to make the trust a valid one. However, where the trust involves the exercise of discretion, he can accept or act as a trustee only if he is competent to contract. In a Public Trust the beneficiaries are a body of uncertain or fluctuating individuals and may consist of a class of the public or the whole public.

7.3 REGISTRATION OF PUBLIC CHARITABLE TRUST :

The intention of the founder / author of a Trust must be explicit, which we call a trust deed. With the Trust deed, the application for registration should be made to the official having jurisdiction over the region in which the Trust is sought to be registered. In states or Union Territories where there is no Trusts Act, the general principles of the Indian Trusts Act 1882 will apply. Public Trusts can submit an application for registration to the deputy / assistant Charity Commissioner having jurisdiction over the region / sub region in which the trust is sought to be registered. States like Maharashtra and Gujarat have a Charity Commissioner much of North and North-East India does not have a Charity Commissioner. Rajasthan, Gujarat and Tamil Nadu have their own Trust Acts.

In all the states, especially, wherein there is no separate law on Public Trusts, a Public Charitable Trust can be legally created by executing a 'Trust Deed' on stamp paper and obtaining the signatures of all the 'Settlors/Founders' and the 'Trustees'. This legal document is then registered with the Sub-Registrar's Office. After this, the trust may proceed to obtain tax exemptions with the Income Tax authorities.
Some of the procedural aspects the registering authority will look for when a public trust is registered are:

- Whether a Trust exists and whether such Trust is a Public Trust;
- Whether any property is the property of such a Trust;
- Whether the whole or any substantial portion of the subject matter of the Trust is situated within his jurisdiction;
- The names and addresses of the trustees and managers of such a Trust;
- The mode of succession to the office of the trustee of such a Trust;
- The amount of gross average annual income and expenditure of such a Trust;
- Any other particulars as may be prescribed under the applicable laws.

In the states, where there exists special law for Public Trusts, a certificate is issued by the registering authority and in those states, wherein we do not have a separate Public Trust act, the registered Trust Deed itself is considered as a document of proof.

7.4 FEATURES OF A TRUST :

A Trust is created when a donor attaches a legal obligation to the ownership of certain property based on his confidence placed in and accepted by the donee or trustee, for the benefit of another.

The persons who intends to create the trust with regard to certain property for a specified beneficiary and who places his confidence in another for this arrangement is called the Author of the Trust: the person who accepts the confidence is called the Trustee; the person whose benefit the confidence is accepted is called the Beneficiary; the subject matter trust is called Trust Property.

Charity is a matter for State control, so different States of India have their own legislation in the form of Trusts or Endowment Acts to govern and regulate public charitable NGOS, Endowment is the dedication of property by gift or devise to religious or charitable uses and in a generalized context trusts include endowments also. A religious endowment or trust is one that has for its object the establishment, maintenance or worship, of an idol or deity, or any object or purpose subservient to religion.

The Trustees control the trust's assets and decide how the income (and capital) of the trust is to be distributed, and ensure that it is in line with the charitable purposes of the trust.

A trust must be created for a lawful purpose. The author of the trust must indicate with reasonable certainty the following:

- Intention to create trust
- Purpose of the trust
- Beneficiaries of the trust, and
- The trust property

A public trust is of permanent and indefinite character. A public trust benefits the public at large or at least a section of the community. The property forming subject matter of the trust must be capable of being transferable to the beneficiary – thus property that is inalienable by virtue of public policy or statute does not form valid subject matter for a trust. In terms of section 8 of the Indian Trusts Act, there cannot be as a trust of a beneficial interest under a trust i.e. there cannot be trust upon a trust.

Flexibility in naming Trust : Trust can be named as family name, or name of an honorable person. The organisation can also be called a "foundation" or 'charity" or any similar terms as these words are practically interchangeable in a legal sense.

7.5 PURPOSE/OBJECTIVES OF THE TRUST :

Welfare programmes are also run by charitable trusts. The Indian Trusts Act – 1882 provides room for registering and running Public, Private, Religious and Charitable Trusts. A Trust is an obligation annexed to the ownership of property and arising out of a confidence reposed in and accepted by the trustee(s), for the benefit of another and the owner. The following are the objects of a charitable trust:

➢ Trusts for the relief of poverty
➢ Trusts for the advancement of education
➢ Trust for the advancement of religion and
➢ Trusts for other purposes beneficial to the community. (Not falling under any other three heads, e.g., renovation of roads, supply of water, repairing of bridges, etc.)

The government of our country has encouraged the emergence of non-government organizations. In the Seventh Five Year Plan the government emphasized the importance of the role of the non-government organizations to take part in the development process of the

country. The government wanted the non-government organizations to take up an important role in social development, these duties and responsibilities are put down below:

- ❖ To supplement the efforts of the government to provide choices and alternative to the rural population.
- ❖ To be the eyes and ears of the village population, so that the laws, legislations, new knowledge and information can be brought to the village people.
- ❖ The voluntary organizations must take up pilot projects with innovative ideas which if successful can be implemented on larger scale.
- ❖ To stimulate the delivery systems to provide services to the population at the grassroot levels.
- ❖ To disseminate information.
- ❖ To help the communities to become self-reliant and independent.
- ❖ To initiate manpower resources in communities for community organization.
- ❖ To bring in science, technology and innovations to homes in the community. For example teaching the village population of newer and better methods of cultivation.
- ❖ To train grassroot workers to deal with community problems and to encourage volunteerism.
- ❖ To mobilize resources of the community.
- ❖ To encourage community participation, to make the community responsible and accountable of what is happening in the community.

In a democratic, socialistic and welfare society, voluntary/non-governmental organizations play a very important role. Non-government organizations in India have played an important role in the development of the country. They share responsibility with the government to bring in social development with social justice. In recent times we observe a great increase in the number of nongovernment organizations that are working on the government programmers or have implemented their own programmers for the development of the weaker sections of the population. Let us discuss the main functions of the nongovernment organizations:

a) Human beings by nature are gregarious: The urge to act in groups is fundamental to them. People therefore form groups and associations voluntarily for their benefit as also of others with a view to lead a fuller and richer life. This phenomenon is reflected in voluntary associations, which are formed for promotion of recreational and cultural activities, social services and professional interests.

b) A pluralistic society with a democratic system requires a multitude of independent, non-government organizations to serve as a buffer between the individual and the state and thus preventing the government from developing monopoly in various fields.

c) Organized voluntary action helps groups and individuals with diverse political and other interests, contributes to strengthening the feeling of national solidarity and promotes participative democracy.

d) The state does not have the requisite financial resources and manpower to meet all the needs of its citizens. The non-government organizations by raising additional resources locally can meet uncovered needs and enrich local life.

e) Community participation can be promoted by non-government organization as they are closer to the people. People respond better to them as compared to government agencies.

f) Creating a sense of responsibility through direct involvement. Nongovernment agencies due to their personnel touch are in a better position to design and implement programmers in the community.

g) Correcting planner's mistakes. Non-government organization with people's participation can point out mistakes in planning, policy making, social welfare administration etc.

h) Creating public opinion. The non-government organization can work for better understanding and positive attitude among the target groups on particular issues. Like organizations working against stigma and discrimination towards HIV/AIDS people.

i) Formulating new policy through public opinion. The non-government organizations can make the policy makers aware of ground realities and the exact need and problems faced by the general public. Non-government organization can also work towards promoting new social legislations for betterment of the society.

j) Flexibility and experimentation. The non-government organizations are autonomous and thus have greater freedom to be flexible in their functioning and can experiment new methods and programs.

k) To compliment and supplement government initiative. India is an enormous Social Welfare Administration country with diverse issues and problems, non-government organization can help in government program implementation and in formulating new programmers for the community people.

Thus "Non-Governmental Organizations" give concrete expression to the fundamental rights such as freedom of association and expression and by identifying the needs of individuals, groups and communities, and by initiating projects and programmer to meet their needs. The non-government organizations also aim at sharing the responsibility of the state in providing minimum needs of the citizens, covering the areas of uncovered and unmet needs, preventing the monopolistic tendencies of the governments, and educating citizens about their rights and obligations. They further aim at raising resources through contributions and donations and help to organize activities of non-partisan and non-political nature for the well-being of the society.

A trust is an obligation annexed to the ownership of property and arising act of a confidence reposed in an accepted by the owner on declared and accepted by him for the benefit of another on of another and the owner.

Authors of the Trust :

- The person who reposed or declared the confidence is called the author of the Trust.
- Trustee
- The person who accepts the confidence is called the Trustee.
- Beneficiary
- The person for whose benefit the confidence is accepted is called the beneficiary
- Trust Property
- The subject matter of the Trust is called Trust-property or Trust money.
- Beneficial Interest
- The beneficial interest on interest of the beneficiary is his right against the trustee as owner of the trust-property.
- Instrument of Trust
- The instrument of any by which the trust is declared is called the instrument of trust.
- Creation of Trusts

Section 3 of the India Trusts Act, 1882 defines a Trust as an obligation resting on the owner of a property for the benefit of another. The definition does not set out any distinction between an equitable and legal ownership administered in law court.

Trusts are generally divided into two categories simple trusts and special trusts. In a simple trust, the trustee is a passive depository of the property with no active duties expected thereof. A simple trust is created when one person conveys property to another upon trust for the benefit of some person, giving no directions to the receiver of the property.

In the case of special trust, the trustee is active agent to ascertained to execute the donor's will and the trust is operative. In a special trust, the machinery of a trust is introduced for the execution of the purposes particularly pointed out and the trustee is not a mere passive depository of the estate but is called upon to exert himself actively in the execution of the settlor's intentions as for example, where a conveyance is made to the trustees upon trust to sell the estate to settle debts.

The distinction between a Private and Public Trust is that where in the Private Trust the beneficiaries are specific individuals, in the Public Trust, they are the general public of a class as in they constitute a body.

➢ A Trust may be created for any lawful purpose. The purpose of a Trust is lawful unless it is
➢ forbidden by law, or
➢ is of such a nature that, if permitted it would defect the provisions of any law, or
➢ is fraudulent or
➢ evolves or implies injury to the person on property of another, or
➢ the court regards it as immoral on opposed to public policy.

Every Trust of which the purpose in unlawful is void. And where a Trust is created for two purposes of which one is lawful and the other unlawful and the two purposes cannot be separated, the whole trust is void.

In this section the expression law includes where the Trust property is immovable and situated in a foreign country the law of such country.

7.6 METHODS OF CREATING A TRUST :

A Trust may be created by
   i.   a declaration by the owner of property that he holds it as Trustee for another person or
   ii. a transfer inter vivos by the owner of property to another person as Trustee for the transferor on for a third person or
   iii. a transfer by will by the owner of property to another person as trustee for a third person, or
   iv. an appointments by one person as trustee for the donee of the power or for a third person, or
   v.   a promise by one person to another person whose rights there under are to be hold in trust for a third person

A Trust may be Created :
   a) by every person competent to contract and
   b) with the permission of a principal civil court of original jurisdiction, by or on behalf of a minor.
But subject in each case to the law for the tone being in force as to the circumstances and extent in and to which the author of the trust may dispose of the trust property.

❖ The subject matter of a trust must be property transferable to the beneficiary.
❖ It must not be merely beneficial interest under a subsisting trust.
❖ Every person capable of holding property may be a beneficiary.

❖ A proposed beneficiary may renounce his interest under the Trust by disclaimer addressed to the Trustee on by setting up, with notice of the trustee a claim in consistent therewith.

❖ Every person capable of holding property may be a trustee but, where the trust involves the exercise of distinction, he cannot execute it unless he is competent to contract.

No one is bound to accept a trust :

❖ A Trust is accepted by any words or acts of the Trustee indicating with reasonable certainty such acceptance instead of accepting a Trust, the intended Trustee may, within a reasonable period disclaim it and such disclaimer shall prevent the Trust property from vesting in him.

❖ A disclaimer by one on two on more Co-Trustees vests the Trust property in the other on other and makes him on them sole Trust on trustees from the date of the creation of the Trust.

❖ The Trustee is bound to fulfill the purpose of the Trust and obey the directions of the author of the Trust given at the tone of its creation, except as modified by the consent of all the beneficences being competent to contract.

❖ Where the beneficiary is incompetent to contract his consent may for the purposes of this section be given by a Principal Civil Court of original jurisdiction.

❖ Nothing in this section shall be deemed to require a Trustee to obey any direction when to do so would be impracticable illegal or manifestly injurious to the beneficiaries.

❖ A Trustee is bound to acquaint himself, as soon as possible, with the nature and circumstances of the Trust-property to obtain where necessary a transfer of the Trust-property to himself and subject to the provision of the instrument of Trust to get in trust-moneys invested on insufficient on hazardous security.

❖ A Trustee is bound to maintain and defend all such suits and subject to the provisions of the instrument of Trust, to table such other steps as regard being had to the nature and amount on value of the Trust-property, may be reasonably requisite for the presentation of the Trust-property and assertion or protection of the title thereto.

❖ Where the Trust is created for the benefit of several persons in succession and the trust property is of a wasting nature on a future can reversionary interest the Trustee is bound, unless an intention to the contrary may be inferred from the instrument of Trust, to convent the property into property of a permanent and immediately profitable character.

❖ Where there are more beneficiaries than one the Trustee is bound to be impartial, and must not execute the Trust for the advantage of one at the expense of another.

7.7 SUMMARY :

A trust is an obligation annexed to the ownership of property and arising act of a confidence reposed in an accepted by the owner on declared and accepted by him for the benefit of another on of another and the owner. The person who reposed or declared the confidence is called the author of the Trust. The person who accepts the confidence is called the Trustee. The person for whose benefit the confidence is accepted is called the beneficiary. Section 3 of the India Trusts Act, 1882 defines a Trust as an obligation resting on the owner of a property for the benefit of another. The definition does not set out any distinction between an equitable and legal ownership administered in law court. Trusts are generally divided into two categories: simple trusts and special trusts. The distinction between a Private and Public Trust is that where in the Private Trust the beneficiaries are specific individuals, in the Public Trust, they are the general public of a class as if they constitute a body. A Trust is

accepted by any words or acts of the Trustee indicating with reasonable certainty such acceptance instead of accepting a Trust, the intended Trustee may, within a reasonable period disclaim it and such disclaimer shall prevent the Trust property from vesting in him.

7.8 KEYWORDS :

1. Trust,
2. Registration,
3. Legislations,
4. Elements.

7.9 EXERCISE :

1. Examine in detail the important elements in the creation of Trust?
2. What are various methods of creating a Trust?
3. What are objectives of trust?
4. Give brief account on legislations of trust

7.10 REFERENCES :

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LESSON - 8
ORGANIZATION GOALS, VISION, MISSION AND VALUES

OBJECTIVES :

The objective of this lesson is to make the student understand the concepts of Organizational Goals, Vision, Mission and Values.

CONTENTS :

8.1 ORGANIZATIONAL GOAL AND OBJECTIVES :

The concept of 'goal' gets reflected in the definitions of organization, wherein it has been repeatedly reinstated that the purpose of organization is to achieve the purpose or goals of the organization. Goals and objectives are a critical component of an organization. Goals and objectives formulated for an organization are helpful to achieve the mission, make the vision a reality and navigate the course so set for the organization. Goals are the big steps towards accomplishing the mission/vision and they should be aligned with the principles and values of organization. Goals, when accomplished, should bring organization closer to its vision. On the other hand, organizational objectives are those smaller steps that the organization takes to accomplish the goals.

Further, goal can be defined as a specific desired accomplishment over a defined period of time. An organizational decision to be the best may be admirable, but it is not a goal. It is a desire, a wish, or a dream visualized by the organization. To make any desirable idea into a goal, organization must subject it to five criteria, popularly known as SMART, viz.:

- Specific
- Measurable
- Attainable
- Relevant
- Time-trackable

SMART has been regarded as a method of goal-setting that was made popular by super salesman Zig Ziglar and this is the most commonly used method to realize either the individual goals or organizational goals. This method serves as an effective instrument in formulating well-established organizational goals.

Sometimes goals and objectives of an organization are confused with each other and are interchangeably used. However, there are considerable differences between both the terms. Goals are the outcome statements that define what an organization is trying to accomplish, both programmatically and organizationally. Goals are usually a collection of related programmes, a reflection of major actions of the organization, and provide rallying points for managers. On the other hand, objectives are very precise, time-based, measurable actions that support the completion of a goal. Objectives are directly related to the goal and are expressed in clear, concise and understandable form.

An organization, in order to be effective, has to state their goals and objectives in written form. If they are not in written form, they are just like any other ideas with no real powers. It has to be understood that only written goals and objectives provide motivational power among employees or whosoever is concerned to achieve them. Clearly and specifically written goals prevent confusions and misunderstandings. Further, a well-written goals and objectives, facilitates easy assessment of the organizational performance, as the results can be measured in comparison with the time frame in accomplishing the goals.

- For example, some of the common business goals can be
- Increase customer satisfaction
- Improve employee satisfaction
- Introduce new product or services
- Increase the Brand Equity
- Diversify into new markets
- Penetrate into existing markets
- Reduce Operational costs
- Increase the network with stakeholders
- Enhance profitability by reducing costs
- While developing goals and objectives the executive should keep the following points into consideration
- Goals and Objectives should be linked to the mission and vision of the company
- Goals should always be measurable
- Goals can be designed keeping view the acronym ACES i.e. Achieve, Conserve, Eliminate and Steer Clear. In other words, goals are also meant to identify what a company intends to eliminate in addition to what it intends to achieve.
- Goals can be of various types including – day to day work goals, problem solving goals, development goals, innovation goals and profitability goals.
- The goals set forth should be clear and simple
- The goals should be specific and realistic
- The goals should be acceptable with the values of the company and employees
- The goals should be flexible so that it can be changed and adopted whenever needed

The following example can help to understand how goals and objectives can be setup

Goals	Corresponding Objectives
Improve Profitability	Net Profit as percentage of sales
Increase Volume	Increase in Market Share
Provide Stability	Variance in Seasonal Sales

Improve Company Image	Allocation in Socially responsible activities

8.2 MEANING OF GOALS, VALUES, VISION :

Meaning of Goal : Organizational goals refer to the ideal situations to be achieved in undefined time-duration in future. These goals direct the daily activities and decisions. However, goals do not essentially lead to the quantifiable outcomes. These statements are related to the vision and mission statements. Goals can be followed for day-to-day operational activities and decisions, not essentially tied up with quantifiable results.

Organizational goals provide the standards to measure the performances for achieving the wide ranging objectives. These are the targets that convert the vision and mission into reality. Goals help in portraying a positive image of the organization in the industry. It plays an important role in maintaining public relations and encourages support from various groups. This support helps the organizations in building brand image among the general public and various stakeholders.

Specific : The goals should clearly specify targets to be achieved and the tasks to be fulfilled. This would help the managers in evaluating the performance at regular intervals. An ideal goal should address major issues that are critical for the success of the organization.

Realistic and Challenging : An organizational goal should be realistic as well as challenging. If the goal is unrealistic, the employees may find it unachievable and may get demotivated. But, the goat should also not be too easy. It should be challenging enough so that it can encourage the employees to improve their performances by searching new and creative ways of carrying-out the organizational activities.

Time Constraint : Another important characteristic of an organizational goal is that there should be a time-period associated within which it has to be completed. It provides a deadline to the employees and managers so that they are motivated to improve performance for achieving success within the time constraint. However, it is not necessary that every goal is time bound.

Measurable : The goals should be quantifiable. It implies that the goals should be measurable so that the outcome could be evaluated and the progress can be estimated. Measurable goals act as a yardstick for the managers and their team members to evaluate their performance.

Level-Oriented Goals : A goal should be set to address important issues only. The top and middle level managers are accountable for such long-term goals. On the other hand, the short term goals should be addressed by lower-level managers.

For example, quality control and cost reduction are the goals of upper and middle level managers. Employee motivation and performance evaluation are the goals of lower I level managers.

Commitment : The members of the organization should be committed for the achievement of set goals. The employees should also get involved into the goal setting process. If the management does not include the employees in setting goals, then every aspect related to goal-setting should be communicated clearly to them.

Meaning of Values :

❖ According to M. Haralambos, "A value is a belief that something is good and desirable."

❖ According to R.K. Mukherjee, "Values are socially approved desires and goals that are internalized through the process of conditioning, learning or socialization and that become subjective preferences, standards, and aspirations."

❖ According to Zaleznik and David, "Values are the ideas in the mind of men compared to norms in that they specify how people should behave. Values also attach degrees of goodness to activities and relationships."

❖ According to I. J. Lehner and N.J. Kube, "Values are an integral part of the personal philosophy of life by which we generally mean the system of values by which we live. The philosophy of life includes our aims, ideals, and manner of thinking and the principles by which we guide our behavior."

❖ According to T. W. Hippie, "Values are conscious or unconscious motivators and justifiers of the actions and judgment."

Characteristics of Values are :

➢ These are extremely practical, and valuation requires techniques and an understanding of the strategic context.

➢ These can provide standards of competence and morality.

➢ These can go beyond specific situations or persons.

➢ Personal values can be influenced by culture, tradition, and a combination of internal and external factors.

➢ These are relatively permanent.

➢ These are more central to the core of a person.

➢ Most of our core values are learned early in life from family, friends, neighborhood school, the mass print, visual media, and other sources within society.

➢ Values are loaded with effective thoughts about ideas, objects, behavior, etc.

➢ They contain a judgmental element in that they carry an individual's ideas as to what is right, good, or desirable.

➢ Values can differ from culture to culture and even from person to person.

➢ Values play a significant role in the integration and fulfillment of man's basic impulses and desire stably and consistently appropriate for his living.

➢ They are generic experiences in social action made up of both individual and social responses and attitudes.

➢ They build up societies and integrate social relations.

➢ They mold the ideal dimensions of personality and depth of culture.

➢ They influence people's behavior and serve as criteria for evaluating the actions of others.

➢ They have a great role to play in the conduct of social life. They help in creating norms to guide day-to-day behavior.

Meaning of Vision : The vision is the source and the main idea of a company. Vision refers to what an organization aspires to be in future. It acts as a company's roadmap and depicts what a company wants to become. Nanus, (1992) defines vision as realistic, credible, attractive future for an organization. Over decades the management researchers and practitioners have argued that vision is important to leadership, strategy implementation and organizational change. Clarifying the vision of the company and communicating it to the employees of an organization can have powerful results. Visionary organizations are capable

of leading change, when the leaders realize that their visions of the future are not firmly fixed and remain flexible to accommodate change.

Mark Lipton (1996) in their article published in Sloan Management review proposes that managing with a vision can benefit the organization in the following ways

❖ A vision enhances a wide range of performance measures
❖ A vision provides a basis for a strategic plan
❖ A vision promotes change
❖ A vision motivates individuals and facilitates recruitment of talent
❖ A vision keeps decision making in context

A vision paints a vivid picture of an organization and serves as a concrete foundation for the organization. It serves as an enduring promise and does not fluctuate from year to year. On the basis of vision statement, the organization aligns all its activities. In simple words we can say that a vision of an organization tells that where organization want to reach in future.

A vision statement of the organization is in written format. Vision statement of an organization should be inspiring and provide a base to frame strategy for achieving the ultimate vision of the organization. The normal life span of a vision statement is 10 to 20 years and it articulates the ultimate long-range goal of an organization.

❖ When developing a vision statement, it should be seen that the following questions are answered:
❖ What do we want to do going forward?
❖ When do we want to do it?
❖ How do we want to do it?

For example vision of NHPC is a world class, diversified & transnational organization for sustainable development of hydro power and water resources with strong environment conscience. Vision of NTPC is "To be the world's largest and best power producer, powering India's growth."

The vision of ITC is "Sustain ITC's position as one of India's most valuable corporations through world class performance, creating growing value for the Indian economy and the company's stakeholders". Similarly the vision of Nike is "To be the number one athletic company in the world". The vision of Google is "Organize World's information and make it universally accessible and useful" The Coca Cola Company while presenting its vision focuses on the following factors – People, Portfolio, Partners, Planet, Profit and Productivity.

A powerful vision, if fully embraced and executed by an organization. It can also position the firm for industry-wide leadership.

8.3 VISION STATEMENT :

While mission is a statement of what an organization is, a vision is a statement of what or how the organization wants to achieve. It is a future oriented, detailed description of outcomes that an organization wants to accomplish. Ideally it is what the organization wants to reach, or make it happen as a result of sustained efforts. Organization needs to be specific as possible while working on a vision statement as in terms of who is involved, how – what are they getting from and giving to the organization.

Vision statements are sometimes confused or used synonymously with mission statements. However, vision statements should offer more of a direction and include a perspective of corporate values. A vision might provide a direction for the organization for

the next 5 to 10 years, with a commitment to integrity, transparency, openness and other such values. It should inspire employees and given them a sense of purpose.

8.4 CHARACTERISTICS OF VISION STATEMENT :

An effective vision statement should be compelling and meaningful for the employees working in an organization. A vision statement can be evaluated on the basis of the following characteristics

❖ **Future Focused :** An effective vision statement should describe the organizations desired future. It should answer the following question – "How will our organization look like in 10 years from now?" It should promote long term thinking within an organization.

❖ **Clarity :** A good vision statement should be clearly articulated and should be easy to understand for even the junior most employees in an organization.

❖ **Relevant :** An effective vision statement should be relevant to an organization in all times and should relate with the history and values of an organization.

❖ **Challenging :** Vision statement should be challenging enough and should set high standards enabling the members of the organization to perform.

❖ **Inspirational :** A good vision statement should inspire the employees on an organization to move them emotionally and guide them towards a meaningful purpose.

According to a leading management thinker Philip Kotler, a well worded vision statement should be graphic (painting a picture of the kind of company that management intends to create), directional (indicate kind of business and strategic changes that may be forthcoming), focused (should be specific so that managers are able allocate resources and make decisions), flexible (should be capable of change whenever required), feasible (should be achievable), durable (should cater to the long term interest of the stakeholders) and easy to communicate.

8.5 VISION FORMULATION :

An important question that comes next is how can companies develop their vision? In other words Jim Collins and Jerry Porras in their classic article published in Harvard Business Review in September 1996 proposed how successful companies create their vision statement. They further proposed a Built to Last Vision Framework according to which there are two major components of establishing an effective vision statement. These are core ideology and envisioned future.

According to Collins and Porras, "Core ideology defines a company's timeless character." This is integral to the process of setting up the company's vision. They emphasized it is essential to identify those elements of company which will never change. Core Ideology includes two components i.e. core values and core purpose. Core values are the handful of beliefs, guiding principles or tenets that are absolutely non-negotiable within an organization. Similarly the core purpose is the organization's fundamental reason for being. The core purpose guides and directs an organization and it motivates and inspires the employees working for the company. Purpose is essentially permanent; it could easily ensure for 50 or more years. Though it never achieved, yet it is clear for example Coca Cola describes their winning culture and they list down their values across leadership, collaboration, Intergrity, Accountability, Passion, Diversity and Quality. For instance on passion, they have identified their value as "Committed in heart and mind". Similarly on quality, they mention – "What we do, we do well". The company also strongly emphasize on

values like "Work Smart", "Act like owners", "Be a Brand". Infosys, a leading IT company of India has identified their values that drive them to commitment as – Client Value, Leadership by Example, Integrity and Transparency, Fairness and Excellence.

Collins and Porras suggest that the core values should revolve around 3-5 major issues and more important the values are reflected in the actions and not merely on the website or company related material.

According to Collins and Porras, an envisioned future is the means through which core ideology is translated into a tangible goal. It includes a long term goal which was described by them as BHAG [Big, Hairy, Audacious Goals]. BHAG can be measured and companies can easily make an assessment on the progress. The goals should be inspiring so that it stimulates the employees and get the people going. The BHAG's can change once they are achieved are they are major milestones which take the company towards its path of purpose. While formulating BHAG's the company should think about the four categories i.e. Target (For example: Become a 10,000 crore company by 2020), Common enemy (For example: Nike is 1960's had a goal – Crush Adidas), Role Model (For example: Become the Apple of the footwear industry) and Internal Transformation (For example: Transform the company from telecom service provider to a total communication solution provider).

The second part of the envisioned future is vivid description – It basically communicates about what the company will be like when the BHAG are achieved. Vivid narrative description: In simple terms, vivid description pertains to the story of the company as their preferred future? John Kotter, author of Leading Change, suggests that the vision should vivid, repeatable, and possible to convey in no more than 5 minutes. According to Collins and Porras, the essential parts of vivid description are passion, emotion and conviction.

A well crafted visioning exercise can have a major impact on an organization. While formulating or revising the vision the top level executives can answer the following questions

- ❖ Where are we Now?
- ❖ Where do we want to Go?
- ❖ Where do we want to be?
- ❖ Why is this important to us?
- ❖ What are the obstacles in the way?
- ❖ What actions can we take to overcome them?
- ❖ What are our priorities?
- ❖ When do we know that we are on track?
- ❖ Finding answers to these questions can help the executives to formulate a vision.

8.6 MEANING OF MISSION :

Mission gives the answer of why organization exists and also defines the path to achieve vision of an organization. Mission statement is written process that communicate why organization exist. A firm's mission describes the organization in terms of business it is in, the customers it serves, and the skills it intends to develop to fulfill its vision.

Mission of an organization, should be a statement of why the organization exists and what it wants to achieve. Mission Statement of the organization should establish the purpose of the organization as a whole. Mission statements, in general are single line quotes, which are easily repeatable and sounds inspiring to members of the organization.

Organizational mission statement is essentially its statement of purpose. It serves as a guide for all the decision-making process within the organization. Such statement should be simple and concise enough and help employees within the organization know what decisions and tasks best align with the mission of the organization. A mission statement offers insight into what an organization's leader, view as the primary purpose for being. Some have profit-motivated missions, while others make customers a focal point. There are still others who use a mission to point out more selfless intentions that ultimately lead to profits. Precisely, well-written mission statements are excellent tools to inform others about what is important to an organization and how it operates the business.

Organizational mission cannot have values or beliefs outside their staff or outside people that are involved with organization. Hence it becomes the duty of the manager or leader, to carry it forward to the people that they deal with. This becomes possible, if the leader of the organization makes the mission statement of the organization, as his/her individual mission statement and follows it as his/her own. So it is important that each individual write their own mission statement first, then that of the group and then of the organization as a whole. This is because; an organizational mission statement reflects the core values and the beliefs of the individuals who lead the organization.

In other words, the mission statement is the heart of a company. The mission statement guides the actions of employees, partners, and management. The mission statement tries to answer the following questions

❖ What do we do today?
❖ For whom do we do it?
❖ What is the benefit?

For example, the mission of ITC is "To enhance the wealth generating capability of the enterprise in a globalizing environment, delivering superior and sustainable stakeholder value." Similarly the mission of Harley Davidson is "We fulfill dreams through the experience of motorcycling, by providing to motorcyclists and to the general public an expanding line of motorcycles and branded products and services in selected market segments." Coca Cola puts its mission as "To refresh the world..., To inspire moments of optimism and happiness..., To create value and make a difference."

8.7 CHARACTERISTICS OF A MISSION STATEMENT :

There are no hard and fast rules to develop a mission statement; however, if an organization keeps in mind the following characteristics, it can develop an effective mission statement.

1. **Simple :** Generally companies tend to develop mission statements which are long and full of management words. Research indicates that if the mission statements are small, they are not only memorable but also effective. Many experts believe that mission statements which are 8 words or less are easy to remember and are effective. For example, the mission of Domino is "Sell More Pizza, Have More Fun".

2. **Be Specific :** A good mission statement should include some description about the function of the business. For example, a mission that includes "become the industry leader" does not specify anything and mean nothing to the stakeholders. However, if the mission statement indicates "To provide world class travel services" is more specific.

3. **Be Realistic :** Mission statements should be developed in a way that it includes something that is possible. Generally mission statements include statements which are impossible to achieve and then later discourage the employees.
4. **Strategic Positioning :** An effective mission statement should include a brief description of the strategic position of the company within the market.
5. **Relevant to Stakeholders :** A good mission statement should focus on the interest of the relevant stakeholders especially the customers. The mission statement should aim at satisfying the customer needs.
6. **Long Term Orientation :** An effective mission statement should take a long term view and should be designed keeping in view a long term perspective. However, the flexibility should not be compromised.

Many strategists believe that the true impact can be expected if the mission statements focus on the following dimensions.

- ❖ Define what the company is
- ❖ Key values and beliefs
- ❖ Concern for satisfying multiple stakeholders
- ❖ Distinctive competence
- ❖ Broad enough to allow for creative growth
- ❖ Desired competitive position
- ❖ Competitive strategy
- ❖ Specific customers served and products or services offered
- ❖ Serve as framework to evaluate current activities
- ❖ Stated clearly so that it is understood by all

8.8 VISION AND MISSION IN ORGANIZATION :

Formulating the vision and mission of an organization is not an easy task. Like the core values of the organization, vision and mission of the organization are also core statements that decide the course of action of the organization. Mission and Vision are the standard or benchmark in determining the organizational purposes and are critical elements of organizational strategy. Most business firm establish their organizational mission statements and vision statements, which serve as foundational guides in ascertaining the objectives of the business as a whole. Thus, based on the vision and mission identified and established, an organization develops the strategic and tactical plans for objectives.

8.9 ROLES PLAYED BY MISSION AND VISION :

Mission and vision statements play three critical roles:

1. communicate the purpose of the organization to stakeholders,
2. inform strategy development, and
3. develop the measurable goals and objectives by which to gauge the success of the organization's strategy.

First, mission and vision provide a vehicle for communicating an organization's purpose and values to all key stakeholders. Stakeholders are those key parties who have some influence over the organization or stake in its future. You will learn more about stakeholders and stakeholder analysis later in this chapter; however, for now, suffice it to say that some key stakeholders are employees, customers, investors, suppliers, and institutions such as governments. Typically, these statements would be widely circulated and discussed often so that their meaning is widely understood, shared, and internalized. The better employees

understand an organization's purpose, through its mission and vision, the better able they will be to understand the strategy and its implementation.

Second, mission and vision create a target for strategy development. That is, one criterion of a good strategy is how well it helps the firm achieve its mission and vision. To better understand the relationship among mission, vision, and strategy, it is sometimes helpful to visualize them collectively as a funnel. At the broadest part of the funnel, you find the inputs into the mission statement. Toward the narrower part of the funnel, you find the vision statement, which has distilled down the mission in a way that it can guide the development of the strategy. In the narrowest part of the funnel you find the strategy —it is clear and explicit about what the firm will do, and not do, to achieve the vision. Vision statements also provide a bridge between the mission and the strategy. In that sense the best vision statements create a tension and restlessness with regard to the status quo—that is, they should foster a spirit of continuous innovation and improvement. For instance, in the case of Toyota, its "moving forward" vision urges managers to find newer and more environmentally friendly ways of delighting the purchaser of their cars. London Business School professors Gary Hamel and C. K. Prahalad describe this tense relationship between vision and strategy as stretch and ambition. Indeed, in a study of such able competitors as CNN, British Airways, and Sony, they found that these firms displaced competitors with stronger reputations and deeper pockets through their ambition to stretch their organizations in more innovative ways (Hamel & Prahalad, 1993).

Third, mission and vision provide a high-level guide, and the strategy provides a specific guide, to the goals and objectives showing success or failure of the strategy and satisfaction of the larger set of objectives stated in the mission. In the cases of both Starbucks and Toyota, you would expect to see profitability goals, in addition to metrics on customer and employee satisfaction, and social and environmental responsibility.

8.9 ORGANIZATION: ITS NATURE AND CORE VALUES :

Though the concept of organization, its principles and practices have been well debated and discussed, an attempt has been made over here to restate the same, in order to know the importance of the term 'goals' in meeting the purpose of the organizations. Almost all the definitions of organization just reinstate one fact that the goal of organization is to achieve the established purposes. Fadia states that an organization is said to have formed, when certain goals have to be achieved and people come together for that purpose. Basically organization involves some division of work within different people or groups, and such groups focus on various activities that are then collaborated together to achieve organizational goals as a whole.

8.10 NATURE OF ORGANIZATION :

There are certain key concepts that are related to the nature of the organizations, which are as follows:

Social Systems : Organizations are social systems. Just like employees working in the organization or people in outer world have psychological needs they also have social roles and status. Their behavior is influenced by the group they are working with as well as by their individual drives.

Mutual or Common Interest : Interest is common or mutual between the organization and its employees. Organization needs employees to reach its objectives and employees need organizations to help them reach individual objectives. Mutual interest provides a super-

ordinate goal that can be attained only through the integrated efforts of individuals and the employees as a whole.

Ethics : Ethics is the use of moral principles and values to affect the behaviour of individuals and organizations with regard to choices between what is right and wrong. In order to ensure a higher standard of ethical performance by managers and employees organization need to have codes of ethics, written statements of ethical values and procedures to handle misconduct.

The nature of organization, thus stated, makes it clear, that in achieving the goals of the organization, the organization do not resort to any kind of measures. The measures in achieving the results are channelized in such a way, that certain core components of organization such as being in a system; working towards mutual benefits; or following the established ethics or procedures, are strictly followed, without getting deviated by unfair means. Such nature of organization has been highlighted here, so as to understand the fact that in setting the organizational goals, mission and vision, the key components that guide such formulation is the nature of organization and the core values adopted by the organization.

8.11 CORE VALUES OF ORGANIZATION :

Core values are the central principles or standards, set by an individual or an organization, from which the individual or an organization, do not deviate, as such values decide the very nature of the organization. Core values, thus form the basis for the very existence of the organization, and they are extremely stable and change only very slowly over long periods of time. Values thus formulated, establish the beliefs, which again contribute to forming attitudes, which thereby guide the way of the organization.

Thus, core values of an organization, occupies the central place in an organization, and it becomes important to think about the core values first, which serves as the base in establishing sound and meaningful mission, vision and goals for the organization. Once the core values of an organization is identified, it becomes important, to rank them in order of priority. Such ranking will help in determining whether the goals fixed for the organization are in the right track or not. For instance, let's assume that the core values of an organization are efficiency, safety and respect for other, in order of priority. And imagine that a question comes up about implementing a practice that will improve the operational efficiency of the organization, but may compromise the health and safety of employees. In such a case, if the core values of the organization are well identified and ranked as per priority, it would be easy for the managers to decide, whether to go for efficiency or safety. It can be understood that if a manager has sound knowledge on the organizational values, it will give him/her the guidance or direction in setting the right goals for the organization. Thus, defining the core values of an organization is the first step, towards framing sound mission and vision.

8.12 SUMMARY :

Organizations discussed in this unit, is an association of two or more individuals, who are intentionally organized to achieve the common goals or set of goals of an organization. In thus formulating the organizational goals and objectives, the organization is guided by the very nature of its existence and the core values adopted by the organization. Core values of the organization, in turn, offer valuable guidance and direction in formulating the vision and mission of the organization. While vision is the desire formulated by the organization, on what it wants to be in the future, mission statements are the organization's driving force of what it wants to achieve. Both vision and mission of the organization contribute in

formulating effective goals and objectives. Generally the SMART method is regarded as an effective instrument of goal formulation. Thus, on the whole, vision, mission and goals of an organization are effective mechanisms in determining the success of the organization.

8.13 KEYWORDS :

1. Goals,
2. Vision,
3. Mission,
4. Values

8.14 EXERCISE :

1. Why are mission and vision important for organizational goals and objectives?
2. Describe Organizational Core Values?
3. Explain Organizational Vision and Mission?

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LESSON - 9
MANAGEMENT OF HUMAN SERVICE ORGANISATIONS: GOVERNANCE

OBJECTIVES :

The objective of this lesson is to make the student understand the concepts of human service organisation, its governance and management.

CONTENTS :

9.1 INTRODUCTION :

Human service organizations play a vital role in our society by providing essential support and assistance to individuals, families, and communities facing various challenges. These organizations are dedicated to improving the overall well-being of vulnerable or disadvantaged populations and addressing social issues that impact people's lives. The primary goal of human service organizations is to meet the diverse needs of individuals and communities, ensuring they have access to necessary resources, support services, and opportunities for growth. These organizations often work in collaboration with government agencies, non-profit organizations, community groups, and other stakeholders to maximize their impact and create positive social change.

9.2 DEFINITIONS OF HUMAN SERVICE ORGANISATION :

Human service organizations are organizations that provide various types of support, assistance, and resources to individuals, families, and communities. These organizations are typically focused on addressing social issues, promoting well-being, and improving the quality of life for vulnerable or disadvantaged populations. Here are some definitions of human service organizations:

1. "Human service organizations are entities that deliver programs and services aimed at meeting the social, emotional, and practical needs of individuals, families, or

communities. They work to enhance well-being, promote self-sufficiency, and address social challenges."

2. "Human service organizations are non-profit or government agencies that provide direct assistance, counseling, advocacy, and other support services to individuals and communities. They aim to improve access to resources, address social inequalities, and promote social justice."

3. "Human service organizations are specialized entities that offer a range of services such as healthcare, counseling, housing, employment support, and education to help individuals overcome barriers, achieve their potential, and lead fulfilling lives. They collaborate with other stakeholders to create positive social change."

4. "Human service organizations are community-based or national organizations that mobilize resources and expertise to address social problems, protect vulnerable populations, and promote inclusivity. They may focus on areas such as child welfare, mental health, homelessness, substance abuse, or disability services."

5. "Human service organizations are dedicated entities that foster human dignity, social cohesion, and individual empowerment. They operate through a person-centered approach, providing support, resources, and opportunities for personal growth, while recognizing the unique needs and strengths of each individual."

These definitions highlight the common goals and purposes of human service organizations, which involve assisting individuals and communities in need, promoting social well-being, and advocating for social change. The specific services and focus areas may vary depending on the organization's mission and the populations they serve.

9.3 THE NEED FOR HUMAN SERVICE ORGANIZATIONS :

The need for human service organizations arises from the recognition that certain individuals and communities require assistance and support to address various social, economic, and personal challenges they face. Human service organizations play a crucial role in providing essential services, resources, and advocacy to meet these needs. Here are some reasons that highlight the need for human service organizations:

Addressing Social Issues : Human service organizations address a wide range of social issues such as poverty, homelessness, mental health, substance abuse, domestic violence, and unemployment. These organizations work to improve the well-being and quality of life of individuals and communities affected by these issues.

Meeting Basic Needs : Human service organizations provide access to basic necessities such as food, shelter, healthcare, and education for individuals and families who are unable to meet these needs on their own. They ensure that vulnerable populations have the support they require to lead dignified lives.

Support and Empowerment : Human service organizations offer counselling, therapy, support groups, and skill-building programs to empower individuals to overcome personal challenges, build resilience, and achieve their potential. They provide a safe and supportive environment for individuals to seek assistance and guidance.

Advocacy and Social Justice : Human service organizations advocate for social change, equity, and justice. They work to address systemic issues and promote policies and practices that protect the rights and well-being of marginalized populations. They give a voice to those who are often unheard and work towards creating a more inclusive society.

Coordination and Collaboration : Human service organizations serve as a coordination hub, bringing together various stakeholders, community resources, and service providers to address complex social issues. They collaborate with government agencies, nonprofit organizations, and community partners to maximize resources and ensure efficient service delivery.

Prevention and Early Intervention : Human service organizations focus on prevention and early intervention strategies to address problems at their root causes and mitigate negative consequences. By providing education, outreach, and preventive services, they strive to reduce the need for more intensive interventions in the future.

Community Building : Human service organizations foster community engagement, social cohesion, and collective action. They organize community events, facilitate volunteer opportunities, and encourage community members to take an active role in supporting and uplifting one another.

9.4 GUIDELINES FOR ESTABLISHING A HUMAN SERVICE ORGANISATION :

Establishing a human service organization requires careful planning, preparation, and adherence to certain guidelines. While the specific steps may vary depending on the organization's mission and scope, here are some general guidelines to consider:

1. **Identify the Need :** Conduct a needs assessment to identify the specific social issues or gaps in services that your organization aims to address. Understand the target population and their needs to ensure alignment with the mission and goals of your organization.

2. **Develop a Mission and Vision :** Clearly define the mission and vision of your organization. This will serve as a guiding statement that communicates the purpose and desired impact of your organization.

3. **Conduct Research and Planning :** Research existing human service organizations in your area or field to identify best practices and potential partnerships. Develop a strategic plan that outlines your goals, objectives, strategies, and activities for the organization.

4. **Legal and Financial Considerations :** Determine the legal structure of your organization (e.g., nonprofit, social enterprise) and register it according to the relevant laws and regulations. Develop a financial plan, including funding sources, budgeting, and financial management strategies.

5. **Establish Governance and Leadership :** Define the governance structure of your organization, including the board of directors or governing body. Identify key leadership positions and recruit individuals with relevant expertise and a passion for the organization's mission.

6. **Develop Policies and Procedures :** Create policies and procedures that will guide the operations of your organization. This may include areas such as human resources, volunteer management, service delivery, confidentiality, and ethical guidelines.

7. **Build Partnerships :** Identify potential partners, collaborators, and stakeholders who share a common vision and can contribute to the success of your organization. Establish relationships with government agencies, community organizations, funders, and other relevant entities.

8. **Fundraising and Resource Development :** Develop a fundraising strategy to secure financial resources for your organization's operations and programs. This may include grants, donations, corporate sponsorships, fundraising events, and other revenue streams.

9. **Staffing and Volunteer Recruitment :** Determine the staffing needs of your organization and recruit qualified individuals who are committed to the mission. Develop a volunteer program to engage community members and leverage their skills and expertise.

10. **Program Development and Evaluation :** Design programs and services that directly address the identified needs of your target population. Develop an evaluation plan to

assess the effectiveness and impact of your programs, and make necessary adjustments for continuous improvement.

11. **Public Awareness and Communication :** Develop a communication plan to raise awareness about your organization and its services. Utilize various channels, such as social media, websites, press releases, and community events, to effectively communicate your mission and engage the public.

12. **Continuous Learning and Adaptation :** Foster a culture of continuous learning, innovation, and adaptation within your organization. Stay updated on emerging trends, research, and best practices in the field of human services.

These guidelines provide a general framework for establishing a human service organization. It is essential to tailor these steps to the specific needs, context, and legal requirements of your organization and seek expert advice when necessary.

9.5 CHARACTERISTICS OF HUMAN SERVICE ORGANIZATION :

Human service organizations possess certain characteristics that distinguish them from other types of organizations. Here are some key characteristics of human service organizations:

❖ **Mission and Purpose :** Human service organizations have a clear mission and purpose centered around addressing social issues, improving the well-being of individuals and communities, and promoting social justice. They are driven by a commitment to serving others and creating positive social change.

❖ **Client-Centered Approach :** Human service organizations prioritize the needs and interests of the individuals they serve. They employ a client-centered approach, recognizing the unique circumstances, strengths, and challenges of each person. Services and programs are tailored to meet the specific needs of clients to promote their self-determination and empowerment.

❖ **Holistic Approach :** Human service organizations adopt a holistic approach to address the multifaceted needs of individuals and communities. They recognize that social issues are often interconnected and that providing comprehensive support across various domains such as education, healthcare, housing, employment, and mental health is crucial for achieving positive outcomes.

❖ **Collaborative and Partnership-Oriented :** Human service organizations often collaborate and partner with other agencies, community organizations, and stakeholders to maximize their impact and resources. They recognize the importance of collaboration in addressing complex social issues, sharing knowledge and expertise, and leveraging collective efforts for greater effectiveness.

❖ **Ethical Standards and Professionalism :** Human service organizations adhere to ethical standards and principles in their operations. They prioritize the well-being and rights of individuals, maintain confidentiality and privacy, and ensure fairness and equity in service provision. They employ trained professionals who uphold professional codes of conduct and engage in ongoing learning and development.

❖ **Advocacy and Social Justice :** Human service organizations often engage in advocacy efforts to address systemic issues and promote social justice. They work towards eliminating social inequalities, challenging discriminatory practices, and advocating for policy changes that benefit the populations they serve. They strive to give a voice to marginalized communities and empower individuals to advocate for their own rights.

❖ **Outcome-Oriented and Evidence-Informed :** Human service organizations emphasize the importance of outcomes and evidence-informed practices. They use data and research to inform their decision-making, monitor the effectiveness of their

programs and services, and continuously improve their approaches to achieve positive outcomes for their clients.

- ❖ **Sustainability and Resource Mobilization :** Human service organizations are mindful of sustainability and resource mobilization. They diversify their funding sources, seek grants and donations, and develop strategies for long-term financial stability. They also engage in resource mobilization efforts, including community partnerships, volunteer recruitment, and in-kind support.

These characteristics collectively shape the nature of human service organizations and guide their operations in addressing social needs, supporting individuals, families, and communities, and promoting social well-being.

9.6 CHALLENGES FACED DURING ESTABLISHING A HUMAN SERVICE ORGANISATION :

Establishing a human service organization can be a complex and challenging process. Here are some common challenges that organizations may face during this phase:

- ❖ **Funding :** Securing adequate funding is often a major challenge for new organizations. It can be difficult to find financial support, especially in the initial stages when the organization may lack a track record or established relationships with funders. Limited financial resources can hinder the organization's ability to hire staff, invest in infrastructure, and deliver services effectively.
- ❖ **Legal and Regulatory Compliance :** Navigating the legal and regulatory landscape can be challenging, particularly when it comes to obtaining necessary licenses, permits, and certifications. Organizations may need to comply with various laws and regulations related to governance, employment, tax, and reporting. Lack of awareness or understanding of legal requirements can lead to delays or legal issues.
- ❖ **Human Resources :** Building a skilled and committed team is essential, but recruiting and retaining qualified staff can be challenging, especially for organizations with limited resources. Competing with other organizations for talent, offering competitive compensation, and creating a positive work culture are key considerations.
- ❖ **Stakeholder Engagement :** Engaging and building relationships with stakeholders, including community members, government agencies, and other organizations, is crucial for the success of a human service organization. However, establishing trust, developing partnerships, and effectively communicating the organization's mission and goals can be challenging.
- ❖ **Community Acceptance :** Gaining acceptance and support from the community can be a hurdle, especially if the organization is introducing new services or addressing sensitive social issues. Overcoming skepticism, addressing misconceptions, and demonstrating the organization's value and impact may require effective community outreach and engagement strategies.
- ❖ **Sustainability :** Ensuring the long-term sustainability of the organization is a significant challenge. This includes diversifying funding sources, developing sustainable revenue streams, and creating strategies to adapt to changes in the funding landscape. Building a solid financial foundation and implementing effective fundraising and resource development strategies are essential.
- ❖ **Evaluation and Impact Measurement :** Measuring the impact and effectiveness of the organization's programs and services is crucial for demonstrating accountability and securing continued support. However, developing appropriate evaluation methods, collecting relevant data, and analyzing outcomes can be challenging, especially for organizations with limited capacity and expertise in evaluation.

❖ **Adaptation to Changing Needs :** The needs of the community and the social landscape are constantly evolving. Human service organizations need to stay responsive and adaptable to these changes. This may require ongoing strategic planning, innovation, and the ability to adjust programs and services to meet emerging needs effectively.

Addressing these challenges requires careful planning, resourcefulness, and a willingness to learn and adapt. Seeking support from experienced professionals, collaborating with other organizations, and building strong networks can help overcome these hurdles during the establishment phase of a human service organization.

9.7 WHAT IS MANAGEMENT OF ORGANISATION? :

The management of an organization refers to the process of planning, organizing, coordinating, and controlling various resources and activities to achieve the goals and objectives of the organization. It involves overseeing and directing the efforts of individuals and teams within the organization to ensure efficient and effective operations. Here are key elements of organizational management:

❖ **Planning :** Management involves setting goals, defining objectives, and developing strategies and action plans to achieve them. This includes determining the organization's mission, analyzing the external environment, assessing internal capabilities, and formulating plans to guide decision-making and resource allocation.

❖ **Organizing :** Management involves organizing resources, such as human capital, financial resources, and physical assets, in a structured and efficient manner. This includes designing organizational structures, establishing reporting relationships, delegating authority and responsibility, and creating systems and processes to facilitate coordination and collaboration.

❖ **Leading :** Management involves providing leadership and direction to individuals and teams within the organization. This includes motivating employees, inspiring a shared vision, communicating effectively, and guiding and influencing others to work towards common goals. It also involves making decisions, resolving conflicts, and managing change within the organization.

❖ **Coordinating :** Management involves coordinating the efforts of different departments, teams, and individuals to ensure smooth workflow and efficient operations. This includes establishing clear communication channels, facilitating collaboration, and aligning activities and resources towards common objectives. Effective coordination helps to minimize duplication of efforts, optimize resource utilization, and enhance productivity.

❖ **Controlling :** Management involves monitoring and evaluating organizational performance to ensure that activities are conducted as planned and desired outcomes are achieved. This includes establishing performance metrics, collecting data, analyzing results, and taking corrective actions when necessary. Control mechanisms help to identify deviations from plans, assess progress, and ensure that the organization is on track to meet its objectives.

❖ **Decision-Making :** Management involves making informed decisions based on available information and analysis. This includes evaluating alternatives, weighing risks and benefits, and choosing the most appropriate course of action. Effective decision-making involves considering both short-term and long-term implications, involving key stakeholders, and balancing competing interests.

❖ **Continuous Improvement :** Management involves fostering a culture of continuous improvement within the organization. This includes promoting learning, innovation, and adaptation to changing circumstances. It involves seeking feedback, identifying

areas for improvement, and implementing strategies to enhance organizational performance and effectiveness.

Effective management is crucial for the success and sustainability of an organization. It requires a combination of technical skills, leadership abilities, interpersonal skills, and strategic thinking. Good management practices help to optimize resources, maximize productivity, foster employee engagement, and achieve the organization's goals and objectives.

9.8 DEFINITIONS OF MANAGEMENT :

Here are various definitions of management provided by different scholars:

➢ "Management is the process of planning, organizing, leading, and controlling the efforts of organization members and using all other organizational resources to achieve stated organizational goals." - Ricky W. Griffin and Ronald J. Ebert, "Business Essentials" (2016)

➢ "Management is the coordination of all resources through the process of planning, organizing, directing, and controlling in order to accomplish organizational objectives." - Harold Koontz and Cyril O'Donnell, "Principles of Management: An Analysis of Managerial Functions" (1972)

➢ "Management is the art of getting things done through people." - Mary Parker Follett, "The New State: Group Organization the Solution of Popular Government" (1918)

➢ "Management is the process of working with and through others to achieve organizational objectives efficiently and ethically, amid constant change and increasing complexity." - Gareth R. Jones and Jennifer M. George, "Contemporary Management" (2016)

➢ "Management is the process of planning, organizing, leading, and controlling an organization's human, financial, material, and other resources to achieve organizational goals effectively and efficiently." - Richard L. Daft, "Management" (2018)

These definitions provide different perspectives on the concept of management, highlighting the core functions and processes involved in achieving organizational goals. It's important to note that management theories and definitions may vary across different contexts and time periods.

9.9 NEED FOR MANAGEMENT OF ORGANISATION :

The need for management of an organization arises due to several reasons:

❖ **Achieving Organizational Goals :** Management plays a crucial role in aligning the efforts of individuals and teams towards achieving the organization's goals and objectives. It ensures that resources are utilized effectively, tasks are organized efficiently, and progress is monitored to ensure that the desired outcomes are achieved.

❖ **Efficient Resource Utilization :** Effective management ensures the optimal utilization of resources, including human capital, financial assets, and physical infrastructure. By planning and organizing resources, management helps in maximizing productivity, minimizing wastage, and improving overall efficiency.

❖ **Decision-Making and Problem-Solving :** Management is responsible for making informed decisions and solving problems that arise within the organization. It involves gathering relevant information, analyzing various alternatives, and selecting the most appropriate course of action. Effective decision-making and problem-solving contribute to the success and growth of the organization.

❖ **Coordination and Collaboration :** Management coordinates the activities of different departments, teams, and individuals within the organization. It ensures that there is proper communication, collaboration, and synchronization of efforts to avoid duplication, conflicts, and inefficiencies. Effective coordination promotes a harmonious work environment and enhances overall productivity.

❖ **Adaptation to Change :** In a rapidly changing business environment, organizations need effective management to adapt to new challenges, technologies, and market conditions. Management helps in identifying emerging trends, assessing risks, and implementing strategies to navigate through change successfully. It promotes a culture of innovation and encourages employees to embrace and respond to change.

❖ **Employee Engagement and Development :** Management plays a vital role in engaging and developing employees. It provides guidance, support, and feedback to employees, creates opportunities for skill development and career growth, and fosters a positive work culture. Effective management promotes employee satisfaction, motivation, and retention.

❖ **Stakeholder Relationships :** Management is responsible for building and maintaining positive relationships with various stakeholders, including customers, suppliers, shareholders, and the community. By understanding and meeting stakeholder expectations, management enhances the organization's reputation, credibility, and long-term sustainability.

Overall, management is essential for the effective and efficient functioning of an organization. It provides direction, structure, and coordination to achieve organizational goals, adapt to change, and create a conducive work environment for employees.

9.10 MANAGEMENT OF HUMAN SERVICE ORGANISATIONS :

The management of human service organizations involves the application of management principles and practices specifically tailored to the unique needs and challenges of organizations that provide social services. It encompasses various aspects of organizational leadership, resource management, service delivery, and stakeholder engagement. Here are key elements of managing human service organizations:

❖ **Mission and Strategic Planning :** Management starts with defining the organization's mission, vision, and values. Strategic planning involves setting clear goals, objectives, and strategies to guide the organization's direction. It includes assessing community needs, identifying target populations, and developing plans to address social issues effectively.

❖ **Organizational Structure and Governance :** Establishing an effective organizational structure and governance system is crucial for human service organizations. This includes defining roles and responsibilities, creating reporting mechanisms, and establishing decision-making processes. Sound governance practices ensure accountability, transparency, and compliance with legal and ethical standards.

❖ **Human Resource Management :** Managing human resources is essential to ensure that the organization has skilled and motivated staff to deliver quality services. This involves recruiting and selecting qualified personnel, providing ongoing training and professional development, and implementing performance management systems. Effective human resource management also includes creating a supportive and inclusive organizational culture.

❖ **Financial Management :** Managing finances is critical for the sustainability of human service organizations. It includes budgeting, financial planning, and resource allocation to maximize the utilization of available funds. Financial management also

involves monitoring expenses, fundraising, and ensuring compliance with financial regulations and reporting requirements.

❖ **Program Development and Evaluation :** Human service organizations design and implement programs and services to address specific social needs. Management involves assessing community needs, designing evidence-based programs, and monitoring program implementation and outcomes. Evaluation helps determine program effectiveness, identify areas for improvement, and demonstrate impact to stakeholders.

❖ **Collaboration and Partnership :** Human service organizations often work in collaboration with other agencies, community groups, and stakeholders. Management involves building and maintaining partnerships, coordinating services, and leveraging resources to enhance the organization's impact. Collaborative approaches foster innovation, increase efficiency, and expand the reach of services.

❖ **Quality Assurance and Continuous Improvement :** Management includes implementing quality assurance measures to ensure the delivery of high-quality services. This involves developing and monitoring standards, conducting program evaluations, and engaging in continuous improvement efforts based on feedback and best practices.

❖ **Stakeholder Engagement and Communication :** Managing relationships with stakeholders is essential for the success of human service organizations. This includes effective communication with clients, employees, volunteers, funders, and the broader community. Engaging stakeholders fosters trust, collaboration, and support for the organization's mission and services.

❖ **Ethical and Legal Considerations :** Management of human service organizations must adhere to ethical principles and legal requirements. This includes ensuring confidentiality and privacy, promoting ethical behavior among staff, and complying with relevant laws and regulations.

Successful management of human service organizations requires a combination of leadership skills, knowledge of social issues, and the ability to navigate complex organizational and community dynamics. It involves balancing the mission of the organization with effective resource management, collaboration, and continuous improvement to meet the evolving needs of the communities they serve.

9.11 WHAT IS GOVERNANCE? :

Governance refers to the system and processes by which an organization is directed, controlled, and regulated to achieve its goals and objectives. It encompasses the structures, policies, procedures, and relationships that guide decision-making, accountability, and transparency within an organization. Here is a definition of governance along with a reference:

Definitions :

Here are various definitions of governance

❖ "Governance is the exercise of economic, political, and administrative authority to manage a country's affairs at all levels. It comprises mechanisms, processes, and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations, and mediate their differences." (United Nations Development Programme, 1997)

❖ "Governance refers to the way power is exercised in the management of a country's economic and social resources for development. It includes the processes by which decisions are made and implemented, as well as the mechanisms for holding governments and other actors accountable." (World Bank, 1992).

- ❖ "Governance refers to the processes and structures through which organizations, including businesses, NGOs, and governments, are directed, controlled, and held accountable. It involves decision-making, resource allocation, and the establishment of policies and procedures to achieve objectives and manage risks." (Institute of Directors, 2020)
- ❖ "Governance is the system of rules, practices, and processes by which a company is directed and controlled. It involves balancing the interests of various stakeholders, such as shareholders, management, customers, suppliers, financiers, government, and the community, and establishing accountability mechanisms to ensure transparency and ethical behavior." (International Finance Corporation, 2018).

These definitions provide different perspectives on governance, highlighting its multidimensional nature and its importance in various contexts, including national development, organizational management, and stakeholder relationships.

9.12 CHARACTERISTICS OF GOOD GOVERNANCE :

Characteristics of good governance can vary depending on the context, but there are some common elements that are often associated with effective and accountable governance. Here are some key characteristics:

1. **Accountability :** Good governance emphasizes the need for transparency, responsibility, and answerability of those in power. It ensures that individuals and organizations are held accountable for their actions and decisions, fostering trust and confidence among stakeholders.
2. **Participation :** Good governance encourages active participation and engagement of all relevant stakeholders, including citizens, communities, and marginalized groups. It promotes inclusivity, democratic decision-making processes, and the involvement of diverse perspectives in shaping policies and decisions.
3. **Rule of Law :** Good governance upholds the principles of the rule of law, ensuring that laws and regulations are transparent, fair, and enforced consistently. It promotes legal frameworks that protect human rights, promote justice, and provide equal opportunities for all individuals.
4. **Transparency :** Good governance emphasizes openness and transparency in decision-making processes, resource allocation, and information sharing. It involves clear communication, access to relevant data and information, and disclosure of key decisions and activities to stakeholders.
5. **Effectiveness and Efficiency :** Good governance strives for effective and efficient management of resources, ensuring optimal utilization and delivery of services. It focuses on achieving desired outcomes and results in a timely and cost-effective manner.
6. **Equity and Inclusivity :** Good governance promotes fairness, equal opportunities, and non-discrimination. It ensures that the needs and interests of all individuals and groups, particularly vulnerable and marginalized populations, are considered and addressed.
7. **Ethical Behavior :** Good governance emphasizes ethical conduct, integrity, and professionalism. It discourages corruption, promotes ethical standards, and encourages a culture of honesty and integrity among those in positions of power.

It is important to note that these characteristics are interconnected and mutually reinforcing. They provide a framework for promoting accountable and effective governance in various settings, including government, organizations, and institutions.

9.13 NEED FOR GOVERNANCE IN HUMAN SERVICE ORGANISATIONS :

Governance plays a crucial role in human service organizations to ensure effective and accountable management of resources and services. Here are some key reasons highlighting the need for governance in human service organizations:

1. **Accountability :** Governance provides mechanisms to ensure that human service organizations are accountable for their actions, decisions, and use of resources. It establishes structures and processes to monitor and evaluate organizational performance, ensuring transparency and responsible management.

2. **Ethical and Legal Compliance :** Governance frameworks help human service organizations adhere to ethical standards and legal obligations. It promotes the development and implementation of policies and procedures that align with ethical guidelines, codes of conduct, and relevant laws and regulations.

3. **Stakeholder Engagement :** Governance facilitates meaningful engagement with stakeholders, including service users, employees, volunteers, donors, and the community. It ensures that their voices are heard, their interests are considered, and their feedback is incorporated into decision-making processes.

4. **Strategic Planning and Decision Making :** Governance provides a framework for strategic planning and decision making in human service organizations. It helps set clear goals, objectives, and strategies aligned with the organization's mission and values. Effective governance enables informed decision making, based on reliable data, evidence, and stakeholder input.

5. **Resource Management :** Governance frameworks assist in the effective management of resources in human service organizations. This includes financial resources, human resources, infrastructure, and other assets. Good governance ensures proper allocation, utilization, and accountability for resources, maximizing their impact on service delivery.

6. **Risk Management :** Governance helps human service organizations identify, assess, and manage risks effectively. It establishes risk management policies and procedures, promoting a proactive approach to mitigate potential risks and ensure organizational sustainability.

7. **Continuous Improvement :** Governance frameworks encourage a culture of learning and continuous improvement in human service organizations. It fosters a commitment to quality assurance, outcome measurement, and evaluation of services. Through governance, organizations can identify areas for improvement and implement strategies to enhance service delivery and impact.

Overall, governance in human service organizations is essential for ensuring ethical practices, accountability, stakeholder engagement, and effective resource management. It helps these organizations fulfil their mission, meet the needs of their beneficiaries, and make a positive impact on the communities they serve.

9.14 SUMMARY :

Management and governance play crucial roles in the effective functioning of human service organizations. Management involves the coordination and oversight of activities, resources, and people within the organization. It encompasses various functions such as planning, organizing, leading, and controlling. Effective management ensures the efficient use of resources, strategic decision-making, and the achievement of organizational goals. Governance, on the other hand, focuses on the systems, structures, and processes that guide the organization's direction, decision-making, and accountability. It includes the establishment of policies, procedures, and mechanisms to ensure transparency, ethical conduct, and responsible management. Good governance promotes stakeholder engagement, strategic planning, and adherence to legal and ethical standards. In human service organizations, management is responsible for day-to-day operations, service delivery, and

resource management. It involves tasks such as coordinating programs, supervising staff, monitoring outcomes, and ensuring the effective utilization of resources. Governance in human service organizations ensures that there is a clear mission, vision, and strategic direction. It involves establishing a board of directors or governing body that oversees the organization's activities, sets policies, and provides guidance. Governance structures also ensure the involvement of stakeholders, including service users, employees, and the community, in decision-making processes. The effective management and governance of human service organizations are crucial for maintaining accountability, delivering quality services, and achieving positive outcomes for the individuals and communities they serve. It requires a balance between operational efficiency, ethical practices, stakeholder engagement, and strategic planning. By implementing robust management practices and strong governance structures, human service organizations can optimize their impact and contribute to the well-being of their beneficiaries.

9.15 KEY WORDS :

1. Management,
2. Governance,
3. Organisation,
4. Human Service Organisation,
5. Accountability,
6. Planning,
7. Risk Management,
8. Resource Management,
9. Decision Making

9.16 EXERCISE :

1. Define human service organisation and explain the need for Human service organisation.
2. Elucidate guidelines for establishing a Human service organisation and challenges faced.
3. What is management of organisation and explain need for management of organisation
4. Explain characteristics and need of good governance.

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LESSON -10
ADMINISTRATION, BOARDS, EXECUTIVE BOARDS, PROFESSIONAL AND STAFF RELATIONSHIP

OBJECTIVES :

This unit discusses administration of organisations, role of Governing Body and Executive Committee, their appointment, powers, Professional and Staff relationship.

CONTENTS :

10.1 INTRODUCTION :

Administration in human service organizations refers to the management and coordination of various administrative functions and processes to support the delivery of services and the achievement of organizational goals. It involves the planning, organizing, directing, and controlling of resources and activities within the organization. The administration of human service organizations ensures efficient operations, effective service delivery, and overall organizational effectiveness.

10.2 SOME KEY ASPECTS OF ADMINISTRATION IN HUMAN SERVICE ORGANIZATIONS INCLUDE:

1. **Strategic Planning :** Administrators engage in strategic planning to set organizational goals, determine priorities, and establish long-term strategies for the organization's

growth and success. This involves assessing needs, developing mission statements, and formulating strategies to address social issues and meet the needs of the target population.

2. **Resource Management :** Administrators are responsible for managing organizational resources, including financial resources, human resources, facilities, and equipment. This involves budgeting, financial management, procurement, staffing, and ensuring optimal utilization of resources to support program implementation and service delivery.

3. **Program Development and Management :** Administrators play a key role in the development, implementation, and management of programs and services offered by the organization. This includes designing program models, developing service delivery protocols, monitoring program effectiveness, and making necessary adjustments to improve outcomes.

4. **Policy and Procedure Development :** Administrators establish policies and procedures to guide the organization's operations and ensure compliance with legal and regulatory requirements. These policies and procedures cover areas such as client intake, service provision, confidentiality, record-keeping, and quality assurance.

5. **Staff Supervision and Development :** Administrators oversee the supervision and development of staff members within the organization. This includes hiring, training, and performance management to ensure a competent and motivated workforce. Administrators also promote a positive organizational culture and foster professional development opportunities for staff.

6. **Stakeholder Engagement :** Administrators engage with various stakeholders, including clients, community partners, funders, and government agencies. They establish and maintain effective relationships, collaborate on initiatives, and advocate for the organization's mission and the needs of the population served.

7. **Evaluation and Quality Improvement :** Administrators are responsible for monitoring and evaluating the effectiveness and quality of services provided by the organization. This includes collecting data, conducting assessments, and using feedback to improve program outcomes and organizational performance.

In summary, administration in human service organizations encompasses the management and coordination of various administrative functions to support the organization's mission, program implementation, and service delivery. It involves strategic planning, resource management, program development, policy development, staff supervision, stakeholder engagement, and evaluation. Effective administration ensures the efficient and effective functioning of the organization to meet the needs of the community and achieve positive social impact.

10.3 TYPES OF ADMINISTRATION IN HUMAN SERVICE ORGANIZATION :

There are several types of administration in human service organizations, each with its own focus and responsibilities. Some common types of administration in human service organizations include:

1. **Executive/Administrative Leadership :** This type of administration focuses on overall strategic planning, policy development, and decision-making at the highest level of the organization. Executives or administrators in this role provide direction, set goals, allocate resources, and oversee the general management of the organization.

2. **Program Administration :** Program administration is responsible for overseeing the implementation and management of specific programs or services within the organization. Program administrators ensure that programs are designed and executed

effectively, monitor program outcomes, and make necessary adjustments to improve program effectiveness.

3. **Financial Administration :** Financial administration involves managing the financial aspects of the organization, including budgeting, accounting, financial reporting, and financial decision-making. Financial administrators ensure proper financial planning, monitor financial performance, and ensure compliance with financial regulations and funding requirements.

4. **Human Resources Administration :** Human resources administration focuses on managing the organization's workforce. This includes recruitment, hiring, training, performance management, employee relations, and compliance with labor laws and regulations. Human resources administrators also address employee concerns and promote a positive work environment.

5. **Operations/Administrative Support :** This type of administration deals with the day-to-day operational functions of the organization. It includes tasks such as office management, facilities maintenance, IT support, procurement, and administrative support services. Operations administrators ensure that the organization has the necessary resources and infrastructure to carry out its work efficiently.

6. **Legal and Compliance Administration :** Legal and compliance administration is responsible for ensuring the organization's compliance with applicable laws, regulations, and ethical standards. Administrators in this role provide legal guidance, develop and implement compliance policies and procedures, manage risk, and address legal and ethical issues that may arise.

7. **External Relations/Administration :** External relations administration focuses on building and maintaining relationships with external stakeholders, including donors, government agencies, community partners, and the public. Administrators in this role engage in fundraising, public relations, marketing, and advocacy to promote the organization's mission and objectives.

It's important to note that the specific types of administration and their roles may vary depending on the size, structure, and focus of the human service organization. Some organizations may have dedicated administrators for each type, while others may combine roles or have administrators with overlapping responsibilities.

10.4 CHARACTERISTICS OF GOOD ADMINISTRATION :

Good administration in a human service organization is characterized by several key attributes that contribute to the efficient and effective operation of the organization and the delivery of high-quality services. Here are some characteristics of good administration:

Clear Vision and Strategic Planning : Good administration is guided by a clear vision and strategic plan that outlines the organization's goals, objectives, and strategies for achieving them. It provides a roadmap for decision-making, resource allocation, and program development.

Strong Leadership : Good administration requires strong leadership that sets a positive tone, inspires and motivates staff, and fosters a culture of excellence and accountability. Effective leaders provide guidance, make informed decisions, and create an environment that promotes collaboration and innovation.

Sound Financial Management : Good administration involves effective financial management, including budgeting, financial planning, monitoring of expenditures, and financial reporting. Administrators ensure transparency, accountability, and proper stewardship of resources to support the organization's mission and sustainability.

Efficient Operations : Good administration focuses on efficient and streamlined operations to maximize productivity and minimize waste. This includes optimizing processes, leveraging

technology, and implementing effective systems and procedures to enhance workflow and organizational efficiency.

Stakeholder Engagement : Good administration recognizes the importance of engaging and collaborating with stakeholders, including clients, staff, volunteers, community partners, and funders. Administrators foster strong relationships, listen to stakeholder perspectives, and incorporate feedback to improve service delivery and meet the needs of the community.

Robust Human Resource Management : Good administration prioritizes the recruitment, development, and retention of qualified and motivated staff. It involves clear job descriptions, appropriate training and professional development opportunities, regular performance evaluations, and a supportive work environment that values diversity and promotes staff well-being.

Quality Assurance and Continuous Improvement : Good administration embraces a culture of continuous learning, quality assurance, and performance improvement. Administrators establish mechanisms for monitoring and evaluating programs, collecting client feedback, and using data-driven insights to enhance service quality and outcomes.

Effective Communication and Collaboration : Good administration fosters open and effective communication channels within the organization and with external stakeholders. Administrators promote collaboration, information sharing, and teamwork, ensuring that all stakeholders are well-informed and involved in decision-making processes.

Ethical and Legal Compliance : Good administration upholds ethical standards and ensures compliance with relevant laws, regulations, and professional codes of conduct. Administrators establish and enforce policies and procedures that promote integrity, confidentiality, and respect for the rights and dignity of clients and staff.

Adaptability and Innovation : Good administration recognizes the need to adapt to changing needs, emerging trends, and evolving social issues. Administrators encourage creativity, innovation, and a willingness to explore new approaches and solutions to address complex challenges.

It's important to note that these characteristics are not exhaustive, and the specific attributes of good administration may vary depending on the nature and context of the human service organization.

10.5 GOVERNING BODY AND EXECUTIVE COMMITTEE :

The governing body of the society is the brain of the society the activities of the society are managed, executed and supervised by the governing body governing body is required to act within the framework of the objects of the society as well as to carry out the statutory duties laid down in the act.

Section 16 of the principal act defines the governing body to be the governors, council, directors, committee trustees or other body to whom by the rules and its regulations of the society the management of its affairs is entrusted. The definition gives different homes to the body by which it can be known. The main criterion for identifying the governing body is whether the rules and regulations of the society have entrusted the management of the affairs of the society to such body. The entrustment of the management should be complete. The governing body of the society is a fluctuating body. Constitution of the governing body is not affected by the change in its membership. There will always be a governing body to manage the affairs of the society whether or not the same has been properly constituted in terms of the rules and regulations. The criterion in all cases is who is managing the affairs of the society. The property of the society costs in the governing body and not in the members of the society.

The term of governing body has not been defined in the Act. Provisions in the Companies Act also do not throw any light on the subject. The first members of the society are the members of its governing body. Also usually, the governing body comprises of members, chosen from amongst the members of the society.

But at times government may appoint its nominee, in the governing body in the public interest. The provisions relating to filing and defending the suits by the society provide that any proceedings or suit in any court shall not discontinue by reasons of the person dying or ceasing to full the character in whose name such suit on proceeding has been fraught. Same proceeding shall continue in the original form and vacancy in the governing body shall not have any effect.

10.6 MINIMUM MEMBERS OF THE GOVERNING BODY :

There should be at least two members in any governing body. In Himachal Pradesh, Tamil Nadu and Andhra Pradesh there should be at least three members of the governing body.

10.7 APPOINTMENT :

The members of the governing body are either elected or nominated as per the rules and regulations of the society.

10.8 TERMS OF OFFICE :

The terms of office of members of who is to manage the affairs of the society, it is but natural that the members of the governing body collectively have to comply with the provisions laid down in the statute in regard to filing documents with the registrar, maintaining accounts, managing and applying the funds of the society for carrying out the objects of the society etc. Many provisions in the principal act provide the manner in which the society is required to act and for all purposes it is the governing body which will act on behalf of the society.

10.9 APPOINTMENT OF NEW TRUSTEES :

New trustees may be appointed if it becomes so necessary or there may be appointed trustees in place of or in addition to any trustee or trustees in whom any property belonging to or held on acquired by a registered society is vested. In trust the new trustees may be appointed by governing body as is generally provided in the rules of the society. In Himachal Pradesh and Tamil Nadu, the term of office of a member of governing body can not exceed three years and in Andhra Pradesh it is six years. The members of the governing body may retire or be expelled if provided in the rules on the society.

10.10 TRUSTEES OF THE PROPERTY OF THE SOCIETY :

The members of the governing body are the trustees of the properties of the society they have to look after and manage the properties of the property may include both movable and immovable property. The property of the society vests in its trustees and when there are no trustees for the property of the society, it is deemed to be vests in the property of the society is described as the property of the governing body of such society.

10.11 EXECUTIVE COMMITTEE :

Every registered society shall have a committee of not less than three members to manage its affairs. Every registered society shall file with the Registrar a copy of the registrar maintained by it and from time to time file with the Registrar notice of any change among the members of the committee.

➢ A copy of the register shall be filed either at the time of the registration of the society or within such period as may be prescribed from the appointment of the members of

the first committee and the notice of any change among the members of the society of the committee shall be filed within such period as may be prescribed from the date of such change.

➢ The members of the committee shall be appointed at a meeting of the society by a resolution of a majority of the members present and entitled to vote thereat

➢ The term of office of the members of the committee shall not exceed three years from the date of their appointment.

➢ The member of the committee shall be eligible for reappointment.

10.12 DISQUALIFICATION FOR GOVERNING BODY :

A person shall be disqualified for being a member of the governing body on the date of elections, if he/she:

- is disqualified for such appointment by an order of a Court or Registrar for causing loss to the society or retaining property or for any other reason detrimental to the interest of society: or

- is in arrears of prescribed subscription fee and a period of 45 days is over after delivering notice to such members to such effect, or

- has been convicted of a cognizable office and sentenced to a term exceeding three months: or

- has incurred any of the disqualifications as may be prescribed by the general body.

10.13 POWERS AND FUNCTIONS OF THE GOVERNING BODY :

i. To admit new members and to remove or expel existing members subject to approval of general body.

ii. To raise funds as per provisions of its bye laws

iii. To invest funds for furtherance of the objectives of the society

iv. To appoint salaried or non-salaried officers for the conduct of working of the society in accordance with the rules framed by society for the purpose and to define their duties.

v. To institute, defend or compromise legal proceedings etc., subject to approval of general body

vi. To dispose off applications of membership

vii. To maintain true accounts of money received and expended and accountsof the assets and liabilities.

viii. To prepare for submission to the annual general meeting

❖ Balance sheet

❖ Receipt and disbursement statement

❖ Details of movable and unmovable property acquired by the society

❖ Details of money received and source thereof and money expended and the object or purposes for which sums/money are expended

❖ Annual budget and annual report of the society for approval

❖ Amendment of bye- laws if any and annual work programme for approval

❖ To prepare statements of accounts required at audit and place them before the auditors.

❖ To prepare and submit all statements and returns required by Registrar in such form as required

❖ To maintain register of members up to date

❖ To facilitate inspection of book and audit of accounts of the society by those entitled to inspect/ audit them

❖ To convene annual general meeting in due times

- ❖ To examine and take prompt actions in cases of all arrears and defaults of the society
- ❖ In general, to carry out the management of the society in accordance with its bye laws.

10.14 QUORUM AND NOTICE OF MEETINGS :

- ➢ The quorum for the governing body meeting shall be at least two-thirds of its members
- ➢ The quorum for the general body meeting shall be one half or two third of its member whichever is less
- ➢ The society shall send at least 15 days notice for such meetings to its members along with agenda notes. A meeting may be called by serving notice through regular mail, e-mail, fax or any other mode of communication available.

Such minutes of the meetings shall be communicated to all the members within 30 days of the said meetings.

10.15 OFFICERS/EXECUTIVES OF THE SOCIETY THEIR ROLE AND FUNCTIONS :

President :

- ❖ To preside over the periodical/quarterly meetings of the governing body/general body of society and to exercises general supervision over the activities of the society and to regulate the proceedings of the meeting to stout the aims and objects of the society and shall also permit for discussion if necessary, any other subject items moved before him by the members.
- ❖ He shall be treated as the Head of Society and shall decide any matter by casting his decisive vote in case of tie. The President shall convene meeting of the Society in the event of resignations, insolvency or insanity of any office-Bearer/ Member, within the period of a weak of all 2/3rd members requisitioning for a meeting. All member of the society along with all other executives of the society shall also be invited for the meeting.
- ❖ He shall give necessary directions and instructions to the General Secretary and Treasurer for the proper and smooth working, management, supervision, and administration of the society
- ❖ He may authorize for the expenditure up to 5000/ (Rupees Five Thousand only) for social benefits/ activities and the expenditure so incurred should be got approved by the society at its next meeting and the receipt of such expenditure must be presented in the meeting for the record of society.
- ❖ He shall keep copies of all official records and documents related to the members of the society and the copies of all other important records and documents of the society
- ❖ If, in the opinion of the president, any emergency has arisen which require immediate action, he can take such action as he deems fit and necessary and inform the some to the members of the Governing Body and get it notified in the nest meeting in due course.

10.16 THE FUNCTIONS POWERS AND DUTIES OF THE PRESIDENT :

The functions powers and duties of the President are as follows:

- ➢ The President of the Society shall be the president of the Governing Body, who shall act as the chief executive officer of the society and will be assisted by a Governing Body and such staff appointed for the purpose to discharge his administrative and financial functions.

➢ Subject to the regulation and the general control and supervision of the General Body and the Governing Body, the entire executive administrative and financial authority to manage the affairs of the Society shall vest in the President.

➢ To preside at all the meetings of the General Body and the Governing Body and of all other committees and subcommittees of which he/she is a member to take votes, to declare the result of voting, to determine the order in which the several proposed should be laid before General Body/Governing Body and generally to supervise the conduct of business.

➢ To counter sign cheques issued by the Secretary/Treasurer or other authorized officers of the society.

➢ The control, supervise, advice and direct all establishments belonging to the society and departments under the control of the society.

➢ The carry out day to day administration and all affairs of the society.

➢ To appoint temporarily one or more of the life members of the society to act for him or to delegate all or any functions performed by him to such person(s). The President may co-opt Secretary Executive members to function for the society and determine their status and terms of reference.

➢ To take upon herself/himself the duties of the absentees.

➢ To grant such scholarship awards, honours and commendation as she/he is empowered to do by the condition of the award.

➢ To suspend or to fine, take suitable action against any member of them ministerial or officer staff of the society as prescribed from time to time being appointing authority of the society.

➢ To perform such other functions duties as may, from time to time, be entrusted to him by the society/Governing Body.

➢ To sanction all expenditure within the budget or as per delegation by the Governing body not covered by the sanctioned budget.

➢ The President may, in consultation with the secretary and in anticipation of the approval of the Governing Body, incur/Sanction all or any such expenditure in case of urgency or otherwise, not covered by the sanctioned budget.

➢ In case of office bearers leaving the station or otherwise being unable to attend to her/his work, the President will make necessary arrangements for the performance of her/his duties, till the return of the office bearer or till the next meeting of the Governing body.

➢ In addition to powers mentioned above, the Governing Body may be rules, guidelines, instructions etc. delegate additional powers to the President, who may make such further delegation if considered necessary, to any office bearer. Head of the department or any officer, as deem necessary by her/him.

➢ The decision of the President on any question relating to the conduct of business at any meeting shall be final unless it is dissented from by 3/4th of the member present at the meeting. But votes shall not be taken on any such question by the President unless a prior requisition is made in writing by at least five members present for such voting.

Vice President : In the absence of President, the Vice-President shall use all the powers of President and perform all such duties assigned to him by the president or governing body from time to time.

Secretary : The secretary shall be overall in-charge of entire administrative records of the society and carry out the all correspondence of the society.

❖ He shall administer the affairs of the Society in consultation with the President.

❖ He shall convene and arrange the all periodical and other meetings of the society in consultation with the President.

❖ He shall prepare and present the Annual Report together within audited statements of the Accounts of the Society before the General Body meeting of the Society.

❖ He shall maintain a register containing the names and addresses of the all members of the society, issue notice of the meeting in consultation with the President and record the minutes of the meeting. He will be responsible for assigning the work of all activities of the Society and shall conduct correspondence on the behalf of the society.

❖ He has authority to incur expenditure in accordance with the regulations of the society, such expenditure should be reported in the next meeting of the society for its approval.

❖ To submit a report pertaining to the working of society for the preceding year at the annual General Meeting and execute contracts on behalf of the society as and when authorised to do so by the Governing Body.

❖ To keep and maintain all records (excluding cash transactions and accounts) and perform all correspondence on the behalf of society.

Treasurer : The Treasurer shall be over all in-charge of the cash transactions and accounts of the society.

➢ He shall be responsible for the proper maintenance of the Accounts of the society i.e., prepare and finalize the Annual statement of accounts at the end of every financial year and submit it in the annual general body meeting of the society after its approval from the society and duly audited (along with the Auditor's report and comments thereof, if any)

➢ To keep and update the accounts of the society on regular basis pertaining all transitions of money received and paid, and he shall be responsible forth proper maintenance of the accounts of the society and for this purpose he shall record all the receipts/payment of income and expenditure regularly in the cash book and shall place it before the governing body of the society in its next meeting.

➢ He shall deal with the Bank (s) and all financial institutions, according to the directions of the governing body of the society.

➢ He shall be responsible for making all collections, receipts of cash/cheque from members of society as subscription/registration fees fines, penalties and other payments and receipts of any other financial and non-financial assistance from the centre or state Government/NGO/National or International Agencies/Bank/Company and any other legal entity or individual and issue receipts there of one behalf of the society.

➢ The Treasurer may keep cash in hand as prescribed by the governing body of the society and deposit the remaining or surplus amount in the bank.

10.17 THE APPOINTMENT AND REMOVAL OF STAFF OF THE SOCIETY :

All person who are paid out of funds of the society, regular, or part time/contractual/target based or any other salaried persons shall be the employees of the society.

Such rules instructions, and guidelines as are issued by the society or governing body or the President for time to time shall govern them. The governing body may appoint such administrative, technical, ministerial or any kind of staff as is required to run the office of offices or other establishments run under or by the society and to fix such term and conditions of service including pay, allowances benefits etc., as is determined either by regulations, instructions, guideline or other appropriate way as well as the classification, control, conduct and appeal mechanism of the employees from time to time. Provided that the normal age of

superannuation of the staff is fifty eight years but President, in the interest of the society, and with the approval of General Body, may grant extension in service to deserving employees, from time to time, as considered necessary and appropriate by her/ him. No extension shall be granted to any employee beyond the age of 60 years provided further that the president may delegate his/her all or specific powers to such officers of the society, for the control of the administration of the staff as deems fit. The competence for removal of staff and officers shall vest in the governing body after affording adequate opportunity of being heard, on the following grounds if he/she is found guilty.

- ❖ for misconduct, violation of the Rules and Regulations and misappropriation/embezzlement of found/ properties of the society
- ❖ on conviction for a cognizable offence and sentenced to a term exceeding 3months
- ❖ for indiscipline and breach of trust etc.

10.18 STATUS, AMALGAMATION AND DISSOLUTION OF SOCIETIES :

The status of a society is that in a suit by or against a society registered under the Act that society can be validly represented by the office bearers.

Society may sue or be sued in the name of its president chairman principal secretary, trustees or other office bearers or any other person as determined by the rules and regulations of the society or in the name of such persons as are appointed by the governing body.

Amalgamation of Societies : Section 12 of the principal Act provides for amalgamation of a society with any other society either wholly or partially. Such amalgamation has to be for the better utilisation of the properties of the society. The amalgamation of the societies can be done only if the governing bodies of the societies considers it advisable for the better utilisation of the properties or for any other cause. The procedure lead down in section 12 is mandatory. The procedure constitutes following steps which must be complied with for the purpose:

- ❖ Submission of the proposal of amalgamation by the governing body to members of the society by a written or printed report.
- ❖ Ten days' notice should be given to the members for holding special general meeting to consider the proposal of amalgamation.
- ❖ Consideration of the proposal by the special general meeting convened for the purpose
- ❖ Resolution of the special general meeting by adopting the proposal of amalgamation by not less than 3/5 majority of the members of the society.
- ❖ Convening another special general meeting after a month.
- ❖ Confirmation of the resolution passed at first special general meeting in second special general meeting by 3/5 of the member present at the second special general meeting.
- ❖ The majority of a body cannot alter the fundamental principles of the body unless such a power is specially reserved.
- ❖ An amalgamation or division of a society shall not prejudice any right of a creditor of the society.

10.19 DISSOLUTION OF SOCIETY :

Dissolution of a society may become necessary for various reasons such as where the objects for which the society was formed have been fulfilled on the purposes for which society was formed have become irrelevant or that members are otherwise willing to dissolve that society for utilisation of the assets of the society for some other or better use. The procedure for dissolving a society is laid down in section13 of the principal Act of 1860 and is comparatively easier than the procedure laid down for alteration, abridgment or extension

of the purpose of the society. The members of the society have to determine by a 3/5 the majority that it shall be dissolved. Here they have two options to decide.

Either is may be dissolved forth with a time may be agreed upon when the society shall stand dissolved

The members, therefore, should pass a resolution at the special general meeting of the society convened for this purpose where they should transact the following business:

a) Decide by 3/5th majority that the society should be dissolved.

b) Decide whether it will be dissolved forthwith or at a later time agreed upon by them.

c) Decide steps that shall be necessary for disposal of property and settlement of the claims and liabilities of the society, according to the rules of the society.

d) Authorise the governing body to dispose of the property of the society and settle claims and other liabilities.

10.20 SETTLEMENT OF DISPUTES :

In the event of dispute arising among the members of the governing body or the members of the society in regard to disposal of property, the governing body or its members or members of the society may refer the dispute for adjustment of the affairs of the society is situated. The Court shall make such orders in the matter as it may deem requisite.

10.21 STAFF RELATIONSHIP IN HUMAN SERVICE ORGANIZATION :

Staff relations in an organization refer to the interactions, dynamics, and relationships between the management or administration and the employees or staff members. Positive staff relations are crucial for fostering a productive and harmonious work environment. Here are some key aspects and considerations related to staff relations:

❖ **Communication :** Effective communication is essential for maintaining positive staff relations. Clear and transparent communication channels should be established to ensure that staff members are well-informed about organizational goals, policies, procedures, and any changes or updates that may affect their work. Regular staff meetings, newsletters, and open-door policies can facilitate communication and encourage staff engagement.

❖ **Respect and Fair Treatment :** Staff members should be treated with respect, fairness, and dignity. This includes recognizing and valuing their contributions, providing equal opportunities for growth and development, and addressing any concerns or grievances promptly and impartially. Fair and consistent application of policies and procedures is essential to promote a sense of justice and fairness among staff.

❖ **Empowerment and Participation :** Empowering staff by involving them in decision-making processes and providing opportunities for input and feedback can enhance staff relations. Staff members should be encouraged to share their ideas, suggestions, and concerns, and their perspectives should be considered when making decisions that affect their work. This fosters a sense of ownership and commitment among staff.

❖ **Support and Development :** Providing adequate support and opportunities for professional development is crucial for staff relations. This includes offering training programs, mentoring, coaching, and resources to enhance their skills and knowledge. Investing in staff development not only improves individual performance but also demonstrates the organization's commitment to the growth and well-being of its staff.

❖ **Recognition and Rewards :** Recognizing and rewarding staff members for their achievements and contributions can boost morale and motivation. This can be done through various means such as employee appreciation programs, performance-based incentives, public acknowledgment, or opportunities for career advancement.

Celebrating milestones and successes within the organization can create a positive work environment and foster a sense of belonging.

❖ **Teamwork and Collaboration :** Encouraging teamwork and fostering a collaborative culture can strengthen staff relations. Promoting a supportive and inclusive environment where staff members can work together, share knowledge, and collaborate on projects cultivates a sense of camaraderie and enhances overall productivity.

❖ **Work-Life Balance :** Supporting staff members in achieving a healthy work-life balance is important for staff relations. Encouraging flexible work arrangements, providing time-off policies, and promoting well-being initiatives can contribute to the overall satisfaction and well-being of staff members.

❖ **Conflict Resolution :** Conflicts and disagreements can arise in any workplace. Having effective mechanisms in place to address and resolve conflicts promptly and fairly is vital for maintaining positive staff relations. Mediation, open dialogue, and conflict resolution strategies can help facilitate resolution and prevent long-term negative impacts on staff morale.

By prioritizing and nurturing positive staff relations, organizations can create an environment where employees feel valued, motivated, and engaged, leading to increased productivity and overall organizational success.

Professional relationships in human service organizations refer to the interactions and dynamics between professionals who work within the organization to provide services to individuals, families, or communities. These relationships are critical for effective service delivery and creating a supportive and collaborative work environment. Here are some key aspects and considerations related to professional relationships in human service organizations:

❖ **Respect and Trust :** Professional relationships should be built on a foundation of mutual respect and trust. Each professional should value the expertise, perspectives, and contributions of their colleagues. Respectful communication, active listening, and maintaining confidentiality are essential components of establishing trust among professionals.

❖ **Collaboration and Teamwork :** Human service organizations often involve multidisciplinary teams working together to address complex needs and provide comprehensive services. Professionals should collaborate effectively, sharing information, resources, and expertise to deliver coordinated and integrated support to clients. Emphasizing teamwork and recognizing the value of diverse perspectives and skills enhances the effectiveness of service provision.

❖ **Communication :** Effective communication is crucial for professional relationships. Clear and timely communication ensures that professionals have the necessary information to perform their roles effectively. It involves sharing relevant updates, progress, challenges, and any changes that may impact service delivery. Open and respectful communication channels facilitate information exchange and promote a sense of unity and shared purpose among professionals.

❖ **Professional Development :** Continuous professional development is important for maintaining and enhancing the skills and knowledge of professionals in human service organizations. Encouraging ongoing learning opportunities, training programs, and professional networking can support professional growth and ensure that professionals stay updated with current best practices and research in their respective fields.

❖ **Ethical Practice :** Ethical conduct is essential in professional relationships within human service organizations. Professionals should adhere to ethical standards and

codes of conduct specific to their profession. This includes maintaining confidentiality, respecting boundaries, avoiding conflicts of interest, and upholding the rights and well-being of clients. Ethical practice creates a foundation of trust and integrity within the organization.

❖ **Support and Mentoring :** Providing support and mentoring to professionals, particularly to those who are new or less experienced, fosters professional growth and development. Established professionals can offer guidance, share their expertise, and provide emotional support to their colleagues. Creating a culture of support and mentorship contributes to the overall well-being and satisfaction of professionals and helps in retaining talent within the organization.

❖ **Conflict Resolution :** Conflicts can arise in any professional setting, and addressing them promptly and effectively is important for maintaining positive professional relationships. Having clear conflict resolution mechanisms in place, such as open dialogue, mediation, or supervision, enables professionals to address disagreements constructively and find mutually acceptable solutions.

By nurturing positive professional relationships, human service organizations create an environment that promotes collaboration, innovation, and the delivery of high-quality services. Professionals who feel supported, respected, and engaged are more likely to be motivated and committed to achieving the organization's mission and making a positive impact on the individuals and communities they serve.

10.22 SUMMARY :

Administration in human service organizations encompasses the management and coordination of various administrative functions to support the organization's mission, program implementation, and service delivery. It involves strategic planning, resource management, program development, policy development, staff supervision, stakeholder engagement, and evaluation. Effective administration ensures the efficient and effective functioning of the organization to meet the needs of the community and achieve positive social impact.

The governing body of the society is the brain of the society the activities of the society are managed, executed and supervised by the governing body is required to act within the framework of the objects of the society as well as to carry out the statutory duties laid down in the Act. The duties of the Officers/Executives of the Society include: President, Vice President, Secretary, Treasurer among others are discussed. Section 12 of the principal Act provides for amalgamation of a society with any other society either wholly or partially. Such amalgamation has to be for the better utilisation of the properties of the society. The amalgamation of the societies can be done only if the governing bodies of the societies considers it advisable for the better utilisation of the properties or for another cause. Dissolution of a society may become necessary for various reasons such as where the objects for which the society was formed have been fulfilled on the purposes for which society was formed have become irrelevant or that members are otherwise willing to dissolve that society for utilisation of the assets of the society for some other or better use. In the event of dispute arising among the members of the governing body or the members of the society in regard to disposal of property, the governing body or its members or members of the society may refer the dispute for adjustment of the affairs of the society is situated. The Court shall make such orders in the matter as it may deem requisite.

Staff relations in an organization refer to the interactions, dynamics, and relationships between the management or administration and the employees or staff members. Positive staff relations are crucial for fostering a productive and harmonious work environment.

10.23 KEYWORDS :

1. Administration,
2. Governing body,
3. Relationship

10.24 EXERCISE :

1. How is the administration in Human Service Organizations.
2. What are the rules regarding quorum and notice of meetings of the governing body under the Societies Registration Act?
3. Describe the appointment, term of office, powers, functions and disqualification of governing body of a society.
4. Examine the role and functions of the Officers/executives of the society?
5. Analyse the Professional and Staff relationship in Human Service Organizations?

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LESSON - 11
COMMUNICATION AND TEAM BUILDING

OBJECTIVES :

This unit discusses definition, components, essential elements of communication process, barriers of communication, team building, need, characteristics of successful team, how to build and phases of team building.

CONTENTS :

11.1 DEFINITION :

Organizational communication is a process by which activities of a society are collected and coordinated to reach the goals of both individuals and the collective group. It is a subfield of general communications studies and is often a component to effective management in a workplace environment

Communicating in Your Organization : To ensure successful communications within your organization, it is best to start with the very basics: your knowledge of verbal and non-verbal communications. In the workplace, these types of communications are continually exchanged, oftentimes without much planning or even the thought that such communications are taking place.

The Importance of Non-Verbal Communication : For instance, it's not always just what you say. It's also how you "say" it – taking into account your eyes, your posture, your overall body language, even your appearance at the time the communication is exchanged, and the voice in which you offer the exchange.

❖ In verbal communication, an active dialogue is engaged with the use of words. At the same time, however, non-verbal communication takes place, relying on nonverbal cues, such as gestures, eye contact, facial expressions, even clothing and personal space.

❖ Nonverbal cues are very powerful, making it crucial that you pay attention to your actions, as well as the nonverbal cues of those around you. If, during your meeting, participants begin to doodle or chat amongst themselves, they are no longer paying attention to you: Your message has become boring or your delivery is no longer engaging.

❖ Once again, you need to be mindful of cultural differences when using or interpreting nonverbal cues. For instance, the handshake that is so widely accepted in Western cultures as a greeting or confirmation of a business deal is not accepted in other cultures, and can cause confusion.

❖ While eye contact, facial expressions, posture, gestures, clothing and space are obvious nonverbal communication cues, others strongly influence interpretation of messages, including how the message is delivered. This means paying close attention to your tone of voice, even your voice's overall loudness and its pitch.

❖ Be mindful of your own nonverbal cues, as well as the nonverbal cues of those around you. Keep your messages short and concise. This means preparing in advance whenever possible. And for the impromptu meeting, it means thinking before you speak.

Giving People Time : Setting aside a specific time for meetings and regular communications is a great idea. This allows time for everyone involved to prepare. Also, keep in mind that listening is oftentimes much more productive when working to communicate effectively, and can very well be more important than talking. Allow everyone involved the time they need to communicate effectively.

❖ Enhancing Your Communications

❖ Because gestures can both compliment and contradict your message, be mindful of these.

❖ Eye contact is an important step in sending and receiving messages. Eye contact can be a signal of interest, a signal of recognition, even a sign of honesty and credibility.

❖ Closely linked to eye contact are facial expressions, which can reflect attitudes and emotions.

❖ Posture can also be used to more effectively communicate your message.

❖ Clothing is important. By dressing for your job, you show respect for the values and conventions of your organization.

Be mindful of people's personal space when communicating. Do not invade their personal space by getting too close and do not confuse communications by trying to exchange messages from too far away.

11.2 COMPONENTS OF COMMUNICATION :

We know that communication is a process of transmitting and receiving messages (verbal and non-verbal). Communication is a dialogue not a monologue. So, a communication is said to be effective only if it brings the desired response from the receiver. Communication consists of six components or elements.

Components of Communication

➢ Context
➢ Sender/Encoder
➢ Message

- ➢ Medium
- ➢ Receiver/Decoder
- ➢ Feedback
- ➢ Context
- ➢ Every message (Oral or written), begins with context. Context is a very broad field that consists different aspects. One aspect is country, culture and organization. Every organization, culture and country communicates information in their own way.
- ➢ Another aspect of context is external stimulus. The sources of external stimulus include; meeting, letter, memo, telephone call, fax, note, email and even a casual conversation. This external stimulus motivates you to respond and this response may be oral or written.
- ➢ Internal stimuli are another aspect of communication. Internal Stimuli includes; you opinion, attitude, likes, dis-likes, emotions, experience, education and confidence. These all have multifaceted influence on the way you communicate you ideas.
- ➢ A sender can communicate his ideas effectively by considering all aspects of context mentioned above.

Sender/Encoder : Encoder is the person who sends message. In oral communication the encoder is speaker, and in written communication writer is the encoder. An encoder uses combination of symbols, words, graphs and pictures understandable by the receiver, to best convey his message in order to achieve his desired response.

Message : Message is the information that is exchanged between sender and receiver. The first task is to decide what you want to communicate and what would be the content of your message; what are the main points of your message and what other information to include. The central idea of the message must be clear. While writing the message, encoder should keep in mind all aspects of context and the receiver (How he will interpret the message). Messages can be intentional and unintentional.

Medium : Medium is the channel through which encoder will communicate his message. How the message gets there. Your medium to send a message, may be print, electronic, or sound. Medium may be a person as postman. The choice of medium totally depends on the nature of you message and contextual factors discussed above. Choice of medium is also influence by the relationship between the sender and receiver.

The oral medium, to convey your message, is effective when your message is urgent, personal or when immediate feedback is desired. While, when your message is ling, technical and needs to be documented, then written medium should be preferred that is formal in nature. These guidelines may change while communicating internationally where complex situations are dealt orally and communicated in writing later on.

Receiver/Decoder : The person to whom the message is being sent is called 'receiver'/'decoder'. Receiver may be a listener or a reader depending on the choice of medium by sender to transmit the message. Receiver is also influenced by the context, internal and external stimuli.

Receiver is the person who interprets the message, so higher the chances are of miscommunication because of receivers perception, opinion, attitude and personality. There will be minor deviation in transmitting the exact idea only if your receiver is educated and have communication skills.

Feedback : Response or reaction of the receiver, to a message, is called 'feedback'. Feedback may be written or oral message, an action or simply, silence may also be a feedback to a message.

Feedback is the most important component of communication in business. Communication is said to be effective only when it receives some feedback. Feedback, actually, completes the loop of communication.
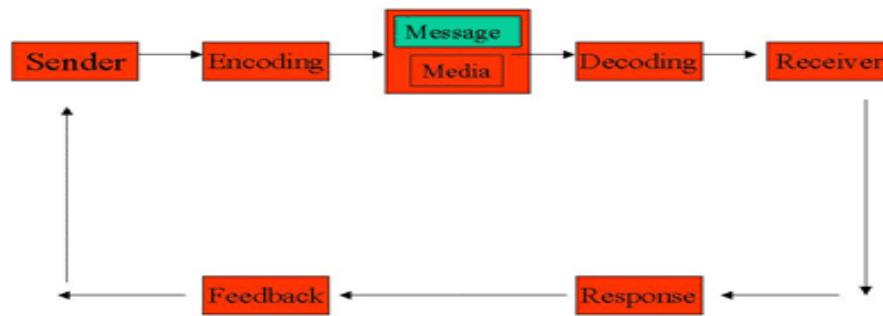
11.3 POINT OUT THE ESSENTIAL ELEMENTS OF COMMUNICATION PROCESS :

Communication is taken as an important function in marketing. In this there are two sides: sender and receiver. The information or message is exchanged between these two sides. In this, the receiver should exactly understand what the sender has wanted to say. only then the objectives of the communication can be achieved . Such information or message can be communicated in words, signs, symbol, or figures, graph etc. The media for communicating such messages or information are newspaper, radio, TV, magazines, journals, e-mails, telephone, etc. Information can also be communicated with sound, signals, figures etc. In this two-way communication should be. The informer should carefully understand or listen the responses. In the same way, receiver should also carefully understand the information.

If both the teller and listener/sender and receiver are active, communication becomes effective and continuous. It creates an environment of coordination between both sides. this can contribute to all the advertisers, businessmen, company, government bodies, industry etc. so, the advertiser should be able to select proper and suitable media to communicate message. Different elements are involved in the process of effective communication of information in marketing. They are as follows.

1. Sender
2. Encoding
3. Channel
4. Decoding
5. Receiver
6. Noise
7. Feedback

1. **Sender :-** At first information/message should be produced to communicate it. Messages should be collected from different sources. They are different organizations of marketing, wholesalers, retailers, etc. They are also called message sender. They communicate information and messages time to time according to necessity.

2. **Encoding :** This message or information should be made to flow in a way that the target group can understand easily. For such message simple words, proper signs, figure or language should be used or written. Then the message should be effectively edited to communicate to the target customer. Such message becomes effective and able to win the heart of the target customers. Otherwise, the message becomes meaningless.

3. **Channel :** After the message has been encoded or written and properly edited, it should be communicated through proper channel. The best among the available channels should be selected. Specially, radio, TV, newspaper, etc. are used to communicate the message. only then communication and message becomes effective.

4. **Decoding :** An advertiser makes flow of message or information carefully, listening, translating, analyzing and exactly understanding the meaning of the message is called decoding. Effectively, experience, ability, practical knowledge, feeling etc. also affect the understanding or decoding the message. So, the language style, Signs, or symbols, etc. should be used simple and easy to understand for the target group.

5. **Receiver :** The message or information communicated by the advertiser reaches the receiver. its effectiveness depends on mater how the receiver has understood it. If the receiver understands it positively exactly at the sender intended. It becomes successfully, if negatively sender becomes failure or the message becomes meaningless.

6. **Noise:** The advertiser makes flow of information or message. The other company's advertisement disturb such message/information affecting negatively. they put obstacle in listening the information/ message . so, the message sender or advertiser should make flow of messsge/information at the proper time when the advertisement of rival/competitor business organizations cannot disturb it.

7. **Feedback :** The receiver express reaction in one or the other way after they get information of messages. such reaction should be taken to the sender/advertiser so that the advertiser can make improvement in the next advertisement. If the reaction is positive, it can be given continuity, if negative it can be changed. Hence, sending the listener's reaction to advertisement/information to resource person of the advertisement . In this way, feedback is very important in communication system.

11.4 SEVEN BARRIERS TO COMMUNICATION :

Most people would agree that communication between two individuals should be simple. It's important to remember that there are differences between talking and communicating. When you communicate, you are successful in getting your point across to the person you're talking to. When we talk, we tend to erect barriers that hinder our ability to communicate. There are seven of these types of barriers to effective communication.

❖ Physical barriers are easy to spot – doors that are closed, walls that are erected, and distance between people all work against the goal of effective communication. While most agree that people need their own personal areas in the workplace, setting up an office to remove physical barriers is the first step towards opening communication. Many professionals who work in industries that thrive on collaborative communication, such as architecture, purposefully design their workspaces around an "open office" plan. This layout eschews cubicles in favor of desks grouped around a central meeting space. While each individual has their own dedicated work space, there are no visible barriers to prevent collaboration with their co-workers. This encourages greater openness and frequently creates closer working bonds.

❖ Perceptual barriers, in contrast, are internal. If you go into a situation thinking that the person you are talking to isn't going to understand or be interested in what you have to say, you may end up subconsciously sabotaging your effort to make your point. You will employ language that is sarcastic, dismissive, or even obtuse, thereby alienating your conversational partner. Think of movie scenarios in which someone yells clipped phrases at a person they believe is deaf. The person yelling ends up looking ridiculous while failing to communicate anything of substance.

❖ Emotional barriers can be tough to overcome, but are important to put aside to engage in conversations. We are often taught to fear the words coming out of our own mouths, as in the phrase "anything you say can and will be used against you." Overcoming this fear is difficult, but necessary. The trick is to have full confidence in what you are saying and your qualifications in saying it. People often pick up on

insecurity. By believing in yourself and what you have to say, you will be able to communicate clearly without becoming overly involved in your emotions.

❖ Cultural barriers are a result of living in an ever shrinking world. Different cultures, whether they be a societal culture of a race or simply the work culture of a company, can hinder developed communication if two different cultures clash. In these cases, it is important to find a common ground to work from. In work situations, identifying a problem and coming up with a highly efficient way to solve it can quickly topple any cultural or institutional barriers. Quite simply, people like results.

❖ Language barriers seem pretty self-inherent, but there are often hidden language barriers that we aren't always aware of. If you work in an industry that is heavy in jargon or technical language, care should be taken to avoid these words when speaking with someone from outside the industry. Without being patronizing, imagine explaining a situation in your industry to a child. How would you convey these concepts without relying on jargon? A clear, direct narrative is preferable to an incomprehensible slew of specialty terms.

❖ Gender barriers have become less of an issue in recent years, but there is still the possibility for a man to misconstrue the words of a woman, or vice versa. Men and women tend to form their thoughts differently, and this must be taken into account when communicating. This difference has to do with how the brain of each sex is formed during gestation. In general, men are better at spatial visualization and abstract concepts such as math, while women excel at language-based thinking and emotional identification. However, successful professionals in highly competitive fields tend to have similar thought processes regardless of their gender.

❖ Interpersonal barriers are what ultimately keep us from reaching out to each other and opening ourselves up, not just to be heard, but to hear others. Oddly enough, this can be the most difficult area to change. Some people spend their entire lives attempting to overcome a poor self-image or a series of deeply rooted prejudices about their place in the world. They are unable to form genuine connections with people because they have too many false perceptions blocking the way. Luckily, the cure for this is more communication. By engaging with others, we learn what our actual strengths and weaknesses are. This allows us to put forth our ideas in a clear, straightforward manner.

Communication is not a one-way street. To have others open up to you, you must be open yourself. By overcoming these barriers to communication, you can ensure that the statement you are making is not just heard, but also understood, by the person you are speaking with. In this way, you can be confident that your point has been expressed.

There are many reasons why interpersonal communications may fail. In many communications, the message (what is said) may not be received exactly the way the sender intended. It is, therefore, important that the communicator seeks feedback to check that their message is clearly understood. The skills of Active Listening, Clarification and Reflection may help but the skilled communicator also needs to be aware of the barriers to effective communication and how to avoid or overcome them. There are many barriers to communication and these may occur at any stage in the communication process. Barriers may lead to your message becoming distorted and you therefore risk wasting both time and/or money by causing confusion and misunderstanding. Effective communication involves overcoming these barriers and conveying a clear and concise message.

11.5 COMMON BARRIERS TO EFFECTIVE COMMUNICATION :

• The use of jargon. Over-complicated, unfamiliar and/or technical terms.

- Emotional barriers and taboos. Some people may find it difficult to express their emotions and some topics may be completely 'off-limits' or taboo.
- Lack of attention, interest, distractions, or irrelevance to the receiver.
- Differences in perception and viewpoint.
- Physical disabilities such as hearing problems or speech difficulties.
- Physical barriers to non-verbal communication. Not being able to see the non-verbal cues, gestures, posture and general body language can make communication less effective.
- Language differences and the difficulty in understanding unfamiliar accents.
- Expectations and prejudices which may lead to false assumptions or stereotyping. People often hear what they expect to hear rather than what is actually said and jump to incorrect conclusions.
- Cultural differences. The norms of social interaction vary greatly in different cultures, as do the way in which emotions are expressed. For example, the concept of personal space varies between cultures and between different social settings.

A skilled communicator must be aware of these barriers and try to reduce their impact by continually checking understanding and by offering appropriate feedback.

11.6 CATEGORIZATION OF BARRIERS TO COMMUNICATION :

Language Barriers : Clearly, language and linguistic ability may act as a barrier to communication. However, even when communicating in the same language, the terminology used in a message may act as a barrier if it is not fully understood by the receiver(s). For example, a message that includes a lot of specialist jargon and abbreviations will not be understood by a receiver who is not familiar with the terminology used. Regional colloquialisms and expressions may be misinterpreted or even considered offensive.

Psychological Barriers : The psychological state of the receiver will influence how the message is received. For example, if someone has personal worries and is stressed, they may be preoccupied by personal concerns and not as receptive to the message as if they were not stressed. Stress management is an important personal skill that affects our interpersonal relationships.

Anger is another example of a psychological barrier to communication, when we are angry it is easy to say things that we may later regret and also to misinterpret what others are saying. See our pages: What is Anger?, Anger Management and Anger Management Therapy for more information. More generally people with low self-esteem may be less assertive and therefore may not feel comfortable communicating - they may feel shy about saying how they really feel or read negative sub-texts into messages they hear.

Physiological Barriers : Physiological barriers may result from the receiver's physical state: for example, a receiver with reduced hearing may not grasp the entirety of a spoken conversation especially if there is significant background noise.

Physical Barriers : An example of a physical barrier to communication is geographic distance between the sender and receiver(s). Communication is generally easier over shorter distances as more communication channels are available and less technology is required. Although modern technology often serves to reduce the impact of physical barriers, the advantages and disadvantages of each communication channel should be understood so that an appropriate channel can be used to overcome the physical barriers.

Systematic Barriers : Systematic barriers to communication may exist in structures and organizations where there are inefficient or inappropriate information systems and communication channels, or where there is a lack of understanding of the roles and responsibilities for communication. In such organizations, individuals may be unclear of their role in the communication process and therefore not know what is expected of them.

Attitudinal Barriers : Attitudinal barriers are behaviours or perceptions that prevent people from communicating effectively. Attitudinal barriers to communication may result from personality conflicts, poor management, resistance to change or a lack of motivation. Effective receivers of messages should attempt to overcome their own attitudinal barriers to facilitate effective communication.

11.7 TEAM BUILDING :

Definition : Team is a small number of people with complementary skill who are committed to a common purpose, goals and approach for which they hold themselves mutually accountable.

Team Dynamics : Team dynamics are the unconscious, psychological forces that influence the direction of a teams behavior and performance. Team dynamics is a broad concept and represents the way in which team members behave and the psychological processes underlying these interactions within the team.

11.8 NEED OF A TEAM IN ORGANIZATION :

There are many reasons why people in organizations would want to work in teams. Among them 5 of the more common of these reasons includes-

1. Preference for social interaction
2. Division of work
3. Information sharing
4. Working collectively to to effect change
5. Organizational buy-in.

11.9 CAPABILITIES OF A GREAT TEAM :

1. Trust
2. Openness
3. Respect for others
4. Cooperation
5. Commitment
6. Diversity of ideas
7. Accepting challenges

11.10 WHAT MAKES A TEAM SUCCESSFUL :

1. Psychological safety
2. Dependability
3. Structure and clarity
4. Meaning of work
5. Impact of work

11.11 CHARACTERISTICS OF A SUCCESSFUL TEAM :

1. Clear goals
2. Relevant skills
3. Mutual trust
4. Unified commitment
5. Good communication
6. Negotiating skills
7. Conflict management
8. Internal and external support
9. Leadership
10. Organizational culture

11.12 PURPOSE OF TEAMS :

The purpose of creating teams is to provide a framework that will increase the ability of employees to participate in planning, problem solving and decision making to better performance and goal achievement.

The team promotes :

- A better understanding of decisions.
- More support and participation in implementation plans.
- Increased contribution to problem solving and decision making.
- Improved employee motivation.
- Positive synergy
- Satisfaction of social needs.
- Organizational flexibility.

11.13 TEAM DEVELOPMENT :

Team development creates a captivating atmosphere by encouraging cooperation, team work, interdependence and by building trust among team members.
Phases of team development.

Forming : This stage involves a period of orientation and getting acquainted. Uncertainty is high during this stage and people are looking for leadership and authority. Most interactions are social as members get to know each other.

Storming : This is the most difficult and critical stage to pass through. It is a period marked by conflict and competition as individual personalities emerge. Team performance actually may decrease in this stage because energy is put into unproductive activities.

Norming : In this stage consensus and cooperation have been well established and the team is mature, organized and well functioning. There is a clear and stable structure and members are committed to the team's mission. The team is now focused on problem solving and meeting team goals.

Adjourning : In this stage most of the team's goals have been accomplished. The emphasis is on wrapping up the final task and documenting the efforts and results. As the workload diminished, individual members may be reassigned to other teams and the team disbands. There may be a regret as the team ends so a ceremonial acknowledgment of the work and success of the team can be helpful.

11.14 NEED FOR TEAM BUILDING :

Team building activities are of utmost importance as they help in the overall development of the team members and in turn improving the teams performance. It also strengthens the bond among the employees and they feel motivated to work and achieve the targets.

- Team building exercises.
- One must know his/her fellow team members well.
- The team members must be compatible with each other.
- Include ice breaking activities in the team.
- Encourage many trust building exercises in the team.
- Team members must trust each other for the maximum output.
- Encourage activities where individuals come together as a single unit and work for a common task.

11.15 IMPORTANCE OF TEAM BUILDING :

❖ Teamwork and team building are essential in corporate to make the organization a better place to work.
❖ Team building activities improve the relations and strengthen the bond among the employees.
❖ It also reduces the chances of confusion, misunderstandings and in a way making the communication effective.
❖ Individuals feel more confident and positive at work.

11.16 TEAM PROCESS :

Team process refers to how the team functions i.e how members work to carry out the mission and goals of the team and whether the team and the members grow, develop and improve over time.

Process influence and is influenced by both team structure and context.

Interactions that occur among team members while performing the team task and combine individual efforts into collective results.

➢ Steps of team process
➢ Ability to influence
➢ Accountability
➢ Bias for action
➢ Collaborating with others
➢ Communication
➢ Defectiveness
➢ Flexibility
➢ Interpersonal understanding
➢ Networking ability
➢ Organizational awareness
➢ Self regulation
➢ Team leadership
➢ Team work
➢ Team Building

The reader might best be served to first read the topic Group Dynamics to understand the basic nature of most groups, their typical stages of development and how to support groups to evolve through the early stages. That understanding, along with the guidelines in the following resources, helps the chair or facilitator of the team to support the team to fully develop.

11.17 HOW TO BUILD HIGHLY EFFECTIVE TEAMS :

Too often, teams are formed merely by gathering some people together and then hoping that those people somehow find a way to work together. Teams are most effective when carefully designed. To design, develop and support a highly effective team, use the following guidelines:

Set clear goals for the results to be produced by the team.

The goals should be designed to be "SMART." This is an acronym for:
❖ Specific
❖ Measurable
❖ Achievable
❖ Relevant and
❖ Time-bound.

As much as possible, include input from other members of the organization when designing and wording these goals. Goals might be, for example, "to produce a project report that includes a project plan, schedule and budget to develop and test a complete employee

performance management system within the next year." Write these goals down for eventual communication to and discussion with all team members.

Set clear objectives for measuring the ongoing effectiveness of the team : The objectives, that together achieve the overall goals, should also be designed to be "SMART." Objectives might be, for example, to: a) to produce a draft of a project report during the first four weeks of team activities, and b) achieve Board-approval of the proposed performance management system during the next four weeks. Also, write these objectives down for eventual communication to and discussion with all team members.

Define a mechanism for clear and consistent communications among team members : New leaders often assume that all group members know what the leaders know. Consistent communication is the most important trait of a Successful group. Without communication, none of the other traits can occur. Successful groups even over-communicate, such that:

- ❖ All members regularly receive and understand similar information about the group, for example, about the group's purpose, membership. status and accomplishments.
- ❖ These communications might be delivered through regular newsletters, status reports, meetings, emails and collaboration tools.

Define a procedure for members to make decisions and solve problems : Successful groups regularly encounter situations where they must make decisions and solve problems in a highly effective manner. Too often, the group resorts to extended discussion until members become tired and frustrated and eventually just opt for any action at all, or they count on the same person who seems to voice the strongest opinions. Instead, successful groups:

- ❖ Document a procedure whereby the group can make decisions and ensure that all members are aware of the procedure.
- ❖ The procedure might specify that decisions are made, first by aiming for consensus within a certain time frame and if consensus is not achieved, then the group resorts to a majority vote.

Develop staffing procedures (recruiting, training, organizing, replacing) : Too often, group members are asked to join the group and somehow to "chip in." Unfortunately, that approach creates "chips, rather than valuable group members. Instead, if group members go through a somewhat organized, systematic process, then new members often believe that the group is well organized and that their role is very valuable in the group. Successful groups:

- ❖ Identify what roles and expertise are needed on the group in order to achieve the group's purpose and plans they staff according to plans, not personalities.
- ❖ New group members go through a systematic process to join the group - they understand the group's purpose, their role, their next steps and where to get help.

Determine the membership of the group : Consider the extent of expertise needed to achieve the goals, including areas of knowledge and skills. Include at least one person who has skills in facilitation and meeting management. Attempt to include sufficient diversity of values and perspectives to ensure robust ideas and discussion. A critical consideration is availability - members should have the time to attend very meeting and perform required tasks between meetings.

Determine time frames for starting and terminating the team, if applicable : Now consider the expertise needed to achieve the goals of the team, and how long it might take to recruit and organize those resources. Write these times down for eventual communication to and discussion with all team members.

Determine the membership of the team : What expertise might the team need to achieve the goals of the group? For example, an official authority to gather and allocate resources, or an expert in a certain technology. Always consider if the members will have the time and energy to actively participate in the team.

Assign the role of leader - to ensure systems and practices are followed : The leader focuses on the systems and practices in the team, not on personalities of its members.

For example, the leader makes sure that all team members: a) are successfully staffed. b) understand the purpose of the group and their role in it, c) are active toward meeting that purpose and role, and d) utilize procedures for making decisions and solving problems. (Note that the does not always have to be a strong, charismatic personality – while that type of personality can often be very successful at developing teams, it often can create passivity or frustration in other members over time. thereby crippling the group.)

Assign role of communicator - communication is the life's blood of teams : Communication is the most important trait of a successful team. It cannot be left to chance. Someone should be designated to ensure that all members receive regular communications about purpose, membership, roles and status. Communications should also be with people outside the team, especially those who make decisions or determine if the team is successful or not.

Identify needs for resources (training, materials, supplies, etc.) : Start from analysis of the purpose and goals. What is needed to achieve them? For example. members might benefit from a training that provides a brief overview of the typical stages of team development and includes packets of materials about the team's goals, structure and process to make decisions, Consider costs, such as trainers, consultants, room rental and office supplies. How will those funds be obtained and maintained?

Identify the costs to provide necessary resources for the team : Consider costs, such as paying employees to attend the meeting, trainers, consultants, room rental and office supplies. Develop a budget that itemizes the costs associated with obtaining and supporting each of the resources. Get management approval of the budget.

Contact each team member : Before the first meeting, invite each potential team member to be a part of the team. First, send him or her memo, and then meet with each person individually. Communicate the goals of the project, why the person was selected, the benefit of the goals to the organization, the time frame the team effort, and who will lead the team (at least initially). Invite the team member to the first meeting.

Early on, plan team building activities to support trust and working relationships : Team building activities can include, for example, a retreat in which members introduce themselves, exercises in which members help each other solve a short problem or meet a specific and achievable goal, or an extended period in which members can voice their concerns and frustrations about their team assignments.

Carefully plan the1 first team meeting : In the first meeting, review the goals of the team, why each member was selected, the benefit of the goals to the organization, the time frame for the team effort, who will lead the team (at least, initially), when the team might meet and where, and any changes that have occurred since the individual meetings. Have this information written down to hand out to each member. At the end of the meeting, ask each person to make a public commitment to the team effort.

Regularly monitor and report on status of team members toward achieving the goal : It is amazing how often a team starts out with a carefully designed plan, but then abandons the plan once the initial implementation of the plan is underway. Sometimes if the plan is behind schedule, team members conclude that the project is not successful. Plans can change – just change them systematically with new dates and approval of the changes.

Support team meetings and the members' processes in the team : At this point, it is critical that supervisors of team members remain available to provide support and resources as needed. The supervisor should regularly monitor team members progress on achieving their goals. Provide ongoing encouragement and visibility to members. One of the most

important forms of support a supervisor can provide is coordination with other supervisors to ensure that team members are freed up enough to attend meetings.

Regularly celebrate team members' accomplishments! : One of the best ways to avoid burnout is to regularly celebrate accomplishments. Otherwise, members can feel as if they are on a treadmill that has no end. Keep your eye on small and recurring Successes, not just the gold at the end of the rainbow.

11.18   TEAM BUILDING - DOES TEAM BUILDING ACTUALLY WORK? :

An article in The Wall Street Journal* suggested that while team building exercises may be fun (for some people), they really don't do much to solve workplace issues. Team building doesn't just mean getting the team together. For example, sales executive Paul Garvey claimed that the most insightful team building exercise he ever participated in involved paintball, which in no way helped to resolve the relationship issues back at the office. Speaking of his former company, he said that colleagues would poach each other's deals while their manager played favorites. Someone decided a paintball exercise would help. It didn't, and merely reinforced the divisions and favoritism already present. Another instance of completely inappropriate team building involved the team from a contractor on an Apollo space project. They were asked by their HP department to participate in a role playing exercise where they had to return safely from the North Pole. Their day-to-day job involved helping astronaut's return safely from space. What additional insights into teamwork did HR think this role play could teach them?

The point is that these weren't team building programmers at all, rather they were generic activities imposed upon teams without any real consideration for what the team wanted, or needed. Similarly, while it may be fun and friendly, a corporate fun day involving inflatable suits where you hurl yourself at a Velcro wall, sumo wrestling a colleague, bungee running, quad biking, carting or clay pigeon shooting won't necessarily build team relationships or address any problems in the group. While it may be just the right event for a seasonal celebration, especially if it involves families or partners, this kind of team building is motivational activity. "They make us feel good," said Margaret Neale, Professor of Organizational behavior at Stanford's Graduate School of Business. "What they don't do is improve team performance." For this, you need a more considered approach and above all, something where the objectives are clearly stated and can be met. You need to take into account specific issues that need to be addressed and the sorts or personalities involved in the team. The resulting programmed could well involve a ruthless battle for a trophy in an inflatable Olympics arena, but for a hard-working, hard-playing and highly competitive sales team, perhaps this might be exactly what's needed. For most, however, while it may be fun to get out of the office, you can't expect that blasting each other with paint pellets is going to be much of an exercise in resolving trust or communication issues. Perhaps a programmer involving something a bit more creative and less physical indoors or outdoors- with plenty of time for discussion is a good place to start. There are always going t0 be those resistant to the very idea of "team building" or others whose comfort Zone is very small. Acknowledging this and creating a programme that takes it into account is going to pay far bigger dividends than forcing them to jump out of airplanes or role play in Arctic expeditions.

11.19 SUMMARY :

Communication is an important management function and all managers need to perform it effectively to achieve the organizational objectives. There are six elements of communication –sender, receiver, encoding, message, decoding, and feedback. Each of them have an important role to play in the process of communication, which transmits an idea and gets the feedback from the receiver. Communication can be in many forms written, verbal, and nowadays technology assisted communication channels are also emerging very fast.

Managers need to understand that there can be several barriers to communication, which can include the semantic, personal and organizational barriers. These need to be overcome to achieve effective communication in the organization. Team is a group that is organized to work together in accomplishing the set objectives which cannot be achieved effectively by individuals. Thus, a team being a group of people work together for accomplishing a common goal. When we talk about the actual practices, team structures are often complicated and people can be members of several teams at the same time. Teams are different from groups, as in case of teams, there is interdependence among the organizational principles. Team building process is very important for any organization. The teams help in achieving the organizational goals in a proper manner. Various opportunities can be taken advantage of through great teams. In order to build a great team, there is a need to apply the team building process. This could be done by infusing the values and norms in the teams. The team building activities range from having few co-workers to having an office get together. Each team has its own diverse group of people, so the way one team works differs from the other one. The effectiveness of the teams differs substantially from one organization to another. Team building process needs constant evaluation also. For this the teams should be trained and guided properly so that their performance can be measured. The only way to successfully evaluate the team building activities is to directly survey those who have participated in it. Each team building activity should fit into the bigger picture of developing a vision of your business and ask the staff members to contribute to that. Each employee must feel that he or she is valid and an important part of the organization as a whole. Then, they will be more willing to invest the time in various team building activities. Workplace culture can be hard to change so you may have to try a few different approaches to allow small changes in the culture. But these things build on each other and each step adds up to developing the kinds of bonds that will help the company to grow.

11.20 KEYWORDS :
1. Communication,
2. Team Building

11.21 EXERCISE :
1. What are Characteristics and components of Communication?
2. What are the barriers for the effective communication?
3. What do you mean by team? Discuss the stages of team development.
4. What is team building? Explain various approaches of team building. Do you think that these approaches are helpful in the process of team building?

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LESSON – 12
GOVERNANCE AND ACCOUNTABILITY IN NGOS

OBJECTIVES :

      The objective of this lesson is to make the student understand the concepts of governance and accountability in NGOs.

CONTENTS :

12.1 MEANING OF GOVERNANCE :

    "Good governance means the effective management of an NGO's resources in a manner that is open, transparent, accountable, equitable and responsive to people's needs. The rule of law, transparency, accountability and effectiveness of NGO management are all essential components of good governance".

Governance Pattern : The governance of an organization should have the following pattern covering all the necessary elements required to run the NGO.

- Board Composition and it's significance in the Governance (refer roles & responsibilities of Board below).
- Governance mechanism itself starts with the board formation and board processes. A governance structure can be single tier or dual tier. NGO should exemplify openness and transparency by having desirable criteria for selection and rotation of trustees
- Direction and control of organizations: in respect of financial sustainability, social relevance, monitoring and evaluation and overall growth of organization to put good impact in ever changing social conditions

Important points for NGO sector : Sector size has been developing, now it is not the only NGO sector. It is Development Sector rather than NGO sector. It includes anybody who is in the process of delivering well to our society. All of them have to follow a same path. All the people working in this sector right from the filling process up to the delivering processes are social change agents. So, NGO and Development should go hand in hand by applying good practices of governance which will assure them for their long lasting sustainability which will finally lead to development of our nation.

What is the significance of governance with the sustainability of the organization? Yes, definitely. Sustainability comes in the terms of life of the organization. It depends on how long they want to work in this field. If we apply best practices in our day to day activities, sustainability of

organization will not be in trouble. All the people in the organization right from their board members to the clerical staff of the organization, they are accountable to themselves to their organization and also the people outside. If we do not have three pillars very strong then we know that many organizations fail even though it has stood at the national level. Organizations who fail to put an impact are found as very week in their financial as well as human management and therefore there has been a question of their sustainability for these NGOs. So, best practices in the process of governance actually lead to sustainability of the organization. Sustainability is a logical outcome or end result what we look forward to by having the best practices of the governance.

12.2 THREE FUNDAMENTAL PRINCIPLES OF GOVERNANCE :

Accountability :
- ❖ Signed audited statements should be available which includes balance sheet, income and expenditure statement, receipts and payments account, schedules to these, notes on accounts and the statutory auditor's report.
- ❖ There should not be any serious adverse notes on any material point.
- ❖ There should not be any material transactions involving conflict of interest between a Board or staff member and the organization.

Transparency :
- ➢ The organization's Annual Report should be disseminated / communicated to the community and others and should be made available on request every year within 8 months of the end of the organization's financial year.
- ➢ The Annual Report must contain information on the board members, their names, positions in the board, remuneration or reimbursement, objectives and description of main activities, a review of the progress and the results achieved in respective financial year.
- ➢ There must be zero corruption since NGO is run on the funds donated by society. It should ensure clean service culture and should be able to demonstrate it society.

Participation :
- ❖ Outside stakeholders / beneficiaries should be taken in to consideration when there is an issue related to any programme, project, and campaigns. NGO can conduct a seminar or consultation to incorporate the opinions of our stakeholders.
- ❖ Entire staff of the organization should be considered for some critical decisions which are somewhere related to them.
- ❖ Same level of motivation should be flowed among all the members of the NGO right from Board of Directors to the security person. If vision, mission is well communicated to all of them, then level and quality participation can be raised.

12.3 KEY ROLES & RESPONSIBILITIES OF BOARD :

- ➢ The board should formulate the mission statement of the organization and should revisit it every three years in order to ensure that the programmes and resources are in consonance with it.
- ➢ The board should formulate the structure of authority and responsibility to be delegated to the CEO and other staff.
- ➢ The board should determine the procedure of electing/selecting the CEO and the compensation thereof.
- ➢ The board should formulate important policy documents and guidelines on gender, human resource, finance etc.
- ➢ The board should develop proper policy and systems regarding the title, safeguard, location and verification of fixed assets.
- ➢ The board should ensure strict adherence with all statutory compliances. It should also

ensure that requirements/ obligations towards other stakeholders are diligently done.
- ➢ Reviewing the performance of key staff members
- ➢ Constituting advisory committees for specified purposes
- ➢ The board should prepare a position paper every three years on issues such as
  - i. Financial Sustainability,
  - ii. Institutional Sustainability,
  - iii. Programmatic Sustainability,
  - iv. State, need and relevance of corpus, endowment and general funds,
  - v. Risk and contingencies.
- ➢ The rights of stakeholders including those of the staff should be defined and a suitable mechanism be put in place for redressal of grievances in regard to violation of their rights.
- ➢ Setting key performance indicators for themselves.
- ➢ To determine staff capacity building measures
- ➢ Resource mobilization

Very importantly, there has to be clear distinction between strategic matters and operational matters what are those strategic in nature and what are those operational in nature.

Meetings : Meetings are an important element of the governance rather we can say it is a soul of entire governance process in any NGO. There should be periodic meetings of various responsible people working in an organization. (For more information, refer the module of "Internal Writings") Board of directors should meet at least once in a quarter. Whereas meeting of executive committee could be held in each month.

12.4 COMMITTEES :

Committees play important role in implementation of various tasks in organization. It ensures lesser burden on top officials and it could be a learning experience for many others to work in some committee. These committees can be formed internally in executive committee or some outside staff members can also be included in these committees.

Finance Committee – functions :
- ❖ Preparing long term financial strategy which dovetails into long term vision
- ❖ Preparing budget, operational plans & to contribute in project proposals
- ❖ Effective implementation of budgetary control systems
- ❖ Shaping of investment policies, creation of corpus
- ❖ Analyzing income generating activities

Audit committee – Functions :
- ➢ It should comprise of financial experts, members from beneficiaries and staff, statutory auditor, members from board and executive committee
- ➢ Reviewing the annual financial statements before submission to the Board
- ➢ Significant adjustments/alterations in the statements, arising out of audit, if any;
- ➢ Compliance with accounting standard and suggested changes, if any;
- ➢ Help the Director/Chief Functionary by providing a forum in which he / she can raise issues of concern and which he / she can use to get things done which might otherwise be difficult;
- ➢ Looking at the long term sustainability and strengthening of networking.
- ➢ Compliance with legal obligations/ requirements.

Human Resources Development committee- Functions :
- ➢ Reasonably defining roles and responsibilities of entire staff as well as volunteers Issuing letters of contract / appointment to all the personnel. To conduct performance appraisal and deciding the compensation structure in consultation

with the board members.
➢ To conduct various experimental programmes and projects which can be helpful to raise self as well as group motivation

Program Committee – Functions :
Programme committee can be appointed internally among the staff members. It could be formed on temporary basis if the programme is undertaken for short period. Or it could be permanent in nature in every year. In such case members of Programme committee may change every year as per the need and competencies among staff.
➢ Preparing and planning regarding the programme in advance and in detail
➢ To run and execute the programme
➢ To undertake documentation for the entire programme

Resources mobilization committee- Functions :
Resource mobilization committee can be formed separately other than core group of Board of directors and chief functionaries of organization. This committee primarily plays role of fund raising.
➢ To work out for increased the present resource structure.
➢ To widen the base of funders
➢ To increase and improve the Public Relations which can be further used for raising funds from them
➢ To create corpus
➢ To keep communicating with funders and to update them regarding achievements of organization and utilization of funds received by them.

12.5 FACTORS THAT INFLUENCES DAY TO DAY PRACTICE OF ORGANIZATION :

Here, we provide you some practical examples which are some of the factors that influences day to day practice of organization:
Accountability mechanisms are poorly defined, not used or does not exist. Poor performance or behavior is tolerated, treated with understanding and forgiveness. Annual performance reviews are rare or non existent – especially at the board level.
When forgiveness fails to produce change in unacceptable performance and behavior, judgment and unfair dismissal may follow with accountability and redirection never happening.

12.6 WHAT IS THE PROCESS OF DESIGNING THE GOVERNANCE POLICY? :

Role of NGOs have been changing. It starts from the registration of NGO itself. Earlier it used to be a family oriented NGOs but now lots of commitments and professional requirements are there. So designing the objectives, vision, and mission are very important from governance point of view and as far as governance policies are concerned, lots of experimentation has been happening to understand how best the policies of NGOs are. So, processes of the functioning of NGO are in right place. So, one can start with having a governance cell in the organization which looks at the various functioning pattern of the organization. They should take effort to implement ATP in an organization. We can call them Governance officers or NGO officers. They can be one amongst the staff or separate secretary can be appointed. The people from existing staff and who knows the vision, mission, objectives and programmes of the organization very properly can play this role accurately. They should further look at delivery mechanism form the best practices of governance point of view. So, governance policies can be designed on the basis of day to day life of the organization. It need not come from Outside and need not be imported from another organization. Each and every organization is unique in itself. They have to develop own mechanisms of the governance of the organization.

12.7 MODEL GOVERNANCE POLICY :

Governance is the need of the hour in the development sector in order to ensure and promote application of best management practices, compliance of law and adherence to best possible ethical standards. The entire management processes and practices of Smile Foundation are in compliance with the principles of 'Good Governance'.

I. Making Policies & Decisions : Smile Foundation, from the inception itself, works on a delegated work environment. Each and every person in the organization is involved in the process of decision making in a scientifically designed system.

Making Policy & Decision in the Foundation are done through a four tier system.

a) **Departments & Divisions :** Monthly review meetings are held for each division and department regularly.

b) Executive Committee : The Executive Committee manages the Foundation's operation directly and it reports to the Board of Advisors. Members of this committee are professionals working with Smile Foundation and it is mandatory to include a member. The Executive Committee of Smile Foundation holds a meeting each Quarter (every three months) and looks after day to day management.

c) **Advisory Body :** The Board of Advisors comprises of technically competent people from diverse backgrounds and expertise. The body is formed for a period of one year and a few independent members with eminence and reputation are nominated each year. Members of this board also meet once every Quarter.

The Board of Advisors advises the Trustees of Smile Foundation, taking regular inputs from the Executive Committee.

Board of Trustees : The Board of Trustees sets the vision and broad guidelines for the Foundation and ensures good governance in liaison with the Board of Advisors; although, the Board of Trustees is not involved in the day to day operation of Smile Foundation.

II. Credibility Norms :

Smile Foundation encourages its partners to follow Credibility norms for ensuring good governance in the development sector. Smile Foundation also follows norms of good governance itself. The Foundation strives to build capabilities of its grassroots NGO partners towards good governance. The Governance & Credibility System includes a systematic set of norms, which is administered and monitored by a qualified Company Secretary.

III. Project Management & Monitoring system :

The project management & monitoring system in Smile Foundation comprises of a systematic and well laid down processes. These are as follow .

a) Selection of NGO Partners : Partners are invited selection of partners for required locations under specified programme through advertisement in relevant forum, websites; and also through reference from credible partners as well as perennial 'submit a proposal' section in Smile Foundation website. Also, prospective partners keep on submitting proposals directly to the foundation round the year. Initial selection is done on these bases.

b) Desk Appraisal : Prospective proposals are put through the desk appraisal process at respective programme divisions.

c) Field Appraisal : Short-listed proposals from desk appraisal are considered for field appraisals by the programme departments located across India.

d) Monitoring : Once a partner is selected under a particular programme, a MoU is signed, guidelines and initial trainings are imparted and the particular project is started. The project is put under a systematic and periodic monitoring system. The processes include the following steps:

i. Project Auditing   ii. Activity report analysis   iii. Field evaluation

The process of project monitoring is followed by impact analysis, which is a done internally; and external evaluation, done by an external and professional agency.
   a) Impact analysis
   b) External evaluation

IV. Audit System :

Smile Foundation has a four tier audit system to ensure that funds are utilized to the optimum level in an accountable manner.

A. Programme & Project Audit System – is followed to assess and ensure impact of the investment and proper use of money by its NGO partners and projects Programme & Project Auditor N.K.S. Chauhan & Associates (Chartered Accountant)

B. Internal & Process Audit System – This is conducted throughout the year in order to ensure accountability in the internal operation of the organization Internal & Process Auditor Agarwal, Gupta & Sahu (Chartered Accountant)

C. Statutory Audit – is held by the statutory auditor for finalization of balance sheet and statement of affairs. This is also done to comply with standard statutory norms. Statutory Auditor M.K. Kuchhal & Co. (Chartered Accountant)

D. External Evaluation & Audit – Impact and outcome of various welfare projects of Smile Foundation are evaluated by an external agency having decades of relevant experience on the subject. External Impact Evaluation Agency SIDDHANT, New Delhi Audit reports are discussed with the Advisory Body and the Executive Committee to take suitable and necessary steps if required.

V. Use of Technology for Good Governance :

a) Online Monitoring System :

   Smile Foundation advocates use of technology for ensuring impartial monitoring and to cut down over head cost. Smile Foundation has already started the system in a few of its national level programmes. Gradually, all its projects will be compatible with this system. The biggest challenges so far have been lack of access to technology in remote project areas and lack of working knowledge among grassroots NGO partners. The Foundation is taking up the task of building capacities of all its NGO partners and project staffs. Two separate and customized monitoring systems have been developed for 50 Smile Twin e-Learning Programme (STeP) centres and 41 Mission Education projects across India.

   ❖ Beneficiaries Management System A successful beneficiary management system is operational across 100 projects in 21 states of India. This technology is helping Smile Foundation in tracking the progress and development of all the beneficiaries in two major national level programmes as of now.

   ❖ Microsoft Groove – the decision making software Smile Foundation practices participatory and democratic decision making process, which involves all possible professionals in the organization.
   Microsoft Groove software is operational, connecting all major offices and divisions, since last one year.

   ❖ Management Information System (MIS) A monthly MIS is prepared and analyzed by the MIS Officers and it is submitted and discussed in Executive Committee meetings for assessing the operational activities and to do future planning.

   ❖ Accounting System With increasing use of relevant technology in each division and department, along with projects, both quantitative and qualitative MIS are managed technologically.
   The Accounts Team of Smile Foundation consists of competent and qualified accounts

professionals. The accounts are maintained on daily basis through advanced and updated computerized systems. The same is also analyzed and checked periodically by the internal control system and Internal Auditor, in compliance with standardized HR and Management Policy.

❖ Future Technology Smile Foundation is exploring various technologies like GPS (Global Positioning System) to track and to do real time monitoring of all Smile on Wheels projects, its national mobile hospital programme. Next in line is also video conferencing system which would eventually connect all Smile Foundation offices and centres. It will facilitate decision making, monitoring, optimum involvement of all stake holders – including supporters, capacity building and training etc.

VI. People Management Our people are our assets. Smile Foundation believes in a democratic and participatory work culture. Appraisal and review system is conducted twice a year in a democratic way to identify the future leaders of the organization.

VII. Education Support Smile Foundation encourages its employees to take up higher studies so that they emerge as future leaders and grow individually as well as professionally.

12.8 INPUTS GIVEN BY EXPERTS ARE AS UNDER :

Governance & Sustainability :

A good and well governed organization is very important for its sustainability. Sustainability does not related only with the financial sustainability but it is more related with the social relevance. How relevant is the organization is more important than its financial status. Organization and its programmes should be relevant to the civil society today then only it will ensure its sustainability. Prime role of Board of Directors is to maintain such relevance to ever changing social requirements. The moment when the work is not relevant any more then sustainability can always become an issue. (Inputs given by Sanjay Patra, FMSF)

❖ Organizations who fail to put an impact are found as very week in their financial as well as human management and therefore there has been a question of their sustainability for these NGOs. (Inputs from Dr. Prof. Santosh Kumar, EDI).

❖ ATP - Accountability, Transparency & Participation (ATP) are the inbuilt mechanisms by which the process of governance should take place in a proper manner. Accountability is nothing but to keep a check whether the job has been done with the responsibility and has yielded that particular and expected result or not. (Inputs from Dr. Prof. Santosh Kumar, EDI).

❖ Board members should be very careful for ensuring transparency and accountability. For Example, Kuchh Navnirman Abhiyaan publishes their balance sheet every year in newspapers. That is the level of transparency which helps to ensure credibility of organization. (Inputs given by Dr. Prof. Meena Galliara, NMIMS, Mumbai)

If people working in an organization are well aware, about the routine operations, they can contribute in the governance of NGO. It also has an external context. One can start with having a governance cell in the organization which looks at the various functioning pattern of the organization. We can call them Governance officers or NGO officers. They can be one amongst the staff. They should further look at delivery mechanism form the best practices of governance point of view. So, governance policies can be designed on the basis of day to day life of the organization. It need not come from Outside and need not be imported from another organization. Each and every organization is unique in itself. They have to develop own mechanisms of the governance of the organization. (Inputs from Dr. Prof. Santosh Kumar, EDI).

Efficient Compliance : NGOs must comply the legal and financial formalities in the given time period with Charity Commissioner. They should submit their statement of accounts, annual report, and legal certificates with charity commissioner every year without fail. Considering the sector at large, it has been seen that large Part of NGO governance is related with legal part of if. NGO should not lapse registration of 80G and 35AC.
(Inputs given by Dr. Prof. Meena Galliara, NMIMS, Mumbai)

Board Processes : There should be clearly defined policy for recruiting and election of board members and trustees. Induction of new board members should be through an open process of providing opportunities of being elected from larger group of stakeholders.

So, ideally there could be a nomination committee of the board and it should be responsibility of that nomination committee to bring in names of potential board members of experience and understanding in the area in which the organization is involved. And as an ideal process, staff members and even the CEO should not be part of the nomination committee just to ensure independence for the entire process. These are some of the basic steps. One can take to form a board of NGO. (Inputs given by Sanjay Patra, FMSF)

"National Policy on Voluntary Sector states that "Accountability and Transparency are key issues in governance, and the voluntary sector is expected to set benchmarks in this regard. Accountability to funding sources, though important, is not enough, and greater emphasis should be placed on social accountability to the stakeholders. Recognizing the diversity of entities comprising the voluntary sector and the undesirability of specifying uniform standards for all, VOs shall be encouraged to evolve their own codes of conduct and governance standards. These should be appropriately notified and given publicity by the federating or network organizations along with disclosure and reporting procedures". National policy on Voluntary Sector2003 states that Governance is nothing but the environment of your organization. In the entire process of governance you must see that your employees also are getting some benefits out of it. Organization should have right people to do right job.

Most importantly the people behind your organization should have right attitude. Organization should bring their work in the public image through right processes. Organization should always see that whether they are able to rightly stand in the NGO sector or not. You should confirm that everybody in your organization contributes towards a social cause. Money raising is directly connected with the governance. Organization should ensure easy operations which is also the part of governance. Governance is holistic idea which goes to facilitate many things as a catalyst. Every new NGO should have certificate 12A & 80 G which is nothing but the birth certificate of organization. Governance builds the credibility of organization as more you belong to years.
(Inputs given by Pooranchandra Pandey – Director, Times Foundation) Inputs given by Meena Galliara – NMIMS Considering the sector at large, it has been seen that large Part of NGO governance is related with legal part of if. Many NGOs feel that governance is only submission of their accounts and small report about their activities to charity commissioner, income tax office. They perceive that if they fulfill these formalities then there is no need to do anything additionally for governance. It has been seen at wider level among many NGOs in India.

❖ Governance should be taken in a professional manner by NGOs as it is seriously taken by corporate organizations.
❖ Small NGOs working in rural areas may need hand holding at earlier stages of establishing

      governance. These NGOs can approach big NGOs working in the same area for such hand holding support.

❖ If the NGO is family based, then everything is taken for granted by the board members. This should not be happened. One man show is not advisable or reliable to run the entire NGO. Friends and family members can start having conflicts among them whenever they sit together as a board.

❖ There is a need to draw a clear line between governance and execution. There should be clear differentiation between the roles of executives and trustees.

❖ NGO can have a separate group of people to design the policies and execution. But these are relatively elite NGOs who can afford to have such kind of boards. Board should not be involved in routine day to day activities and small decisions of an organization.

Board Members required to be trained in Financial Literacy. At least there should be two members who can understand the financial accounting and financial management procedures. Appointment of board members should be a rotational. Make board membership itself rotational which will be useful to bring new blood and ideas in the board. It can be sized for 3 or 5 years of time period rather than keeping it lifelong. Every member of Board should have diversity skills. There is no need to get board members only from social work or medical Background. Diversified skills of board members are needed to serve many aspects of management such as advertising, media relations, brand building etc.

      Board members should be very careful for ensuring transparency and accountability. For Example. Kuchh Navnirman Abhiyaan publishes their balance sheet every year in newspapers. That is the level of transparency which helps to ensure credibility of organization. It also increases people's belief on organization. If possible, NGO should organize a formal training on governance for all the employees of the organization right from Board members to security person. Governance should be made a religion that has to be followed.

      Executive trustee remain very busy in doing all the things and he is not able to concentrate on strategic exercises. Many board members become sleeping partners due to improper definition of roles and regulations of each member. This should be avoided. Everybody should have a specific role to play and he / she should contribute substantially in the growth of organization. Each board member should be able to contribute in strategic planning and evaluation.

It is has been observed very commonly that all board members remain busy in fund raising activity vigorously whereas effective utilization of funds is not being taken care of. Impact and effectiveness of organization's work should be properly measured by them.

     Second team of board members should be prepared by existing board members over a period of time. Otherwise, existing board members will get stressed out in the entire time period. Capacities and competencies of non profit board should be at high level because they have to do everything like marketing, advertising, fund raising.

Largely, governance depends upon the agency that is funding you. If there is some conditionality against funding, respective organization has to accomplish these conditions of governance. If donor agency expects certain things to be done, then only NGOs get in to good practices of governance. Therefore all NGOs should implement governance practices by themselves which help organization to attract the funds.

Legal aspects should be taken care of. NGOs should fulfill legal and financial formalities. NGO

should not lapse registration of 80G and 35AC. But this is not the only governance. There should be performance evaluation independently for each board member then only organization can proper. Wherever possible, NGOs should bring young energetic & vibrant blood in the board. These young people can bring freshness to the entire set up. Board members should be made aware about new professional code of conduct. So that, they would be capable enough to match up with new executive people working in the organization.

Inputs by Prof. Santosh Kumar - EDI

How Governance is significant component to run the NGO?

Governance is the process where all the functions of management, all the processes of regulation, and all the processes of managing an organization. It is basically a process by which we try to ensure that whatever has been assigned to a particular organization is taking care of or not. Certain in-built mechanism and processes have to be present there in any organization. Accountability, Transparency & Participation (ATP) is the inbuilt mechanisms by which the process of governance should take place in a proper manner.

Accountability is something different from responsibility. So, responsibility means everybody is doing one's own job very properly but accountability goes beyond that. Accountability is to keep a check whether the job which has been done with the responsibility has yielded that particular result properly or not. Therefore accountability is very important. As we all know that from Right to Information and all those kind of things transparency has become a mandatory function of any public or private associations. Transparency is something which keeps updated everybody on the issues which are happening in the organization. Everybody should be made aware or informed about the work of organization in a particular manner. Accountability and transparency, participation can be sought as an effective tool to ensure good governance. So, if we do not have participation of people inside or outside of organization, no effort of the governance can be very successful. Therefore participation is very important. Hence, these three (accountability, transparency and participation) have become three important pillars for any kind of process of any organization.

As far as NGOs are concerned, in last few years we have seen that NGOs have actually become a very powerful medium of delivery of the services in the social development. If we talk about social development, then NGOs play very critical role here and now NGOs have gone beyond the charity mode. It is not only the charity orientation of someone who would want to donate some amount for the society. Now days, NGOs have become professional in their operations. They have all the resources and required expertise to work in development sector. Since they have become professional, these three pillars of ATP plays very important role in running the organization effectively. ATP inside the organization ensures people of the organization to remain aware about what is happening, how the decisions have been taken in the organization. If they are well aware, about the routine operations, they can contribute in the governance of NGO. It also has an external context. Accountability of the organization is towards the larger society outside with whom they are working. It is very important how the outside world looks the organization. If organization works with the people then, it should seek the participation from the people of their community with whom they are working. If there is zero participation from the community itself, then NGO can not work effectively.

And to that extent, these three pillars of ATP are very important to operate.

Inputs given by Sanjay Patra – FMSF

Steps to form a Board of any NGO:

Ideally board size should be within the rage of 5 to 10 members unless the legal requirements are different. The board should not be permanent in nature except for institutional nomination. E.g. Organization working for some institution is abided to involve certain members are who are nominated by concerned institution.

In case of a Trust, sometimes there is a clause regarding permanent trustees, in that case it should be ensured or it is desirable that the total voting rights of founder trustees is approximately less than 50%. Otherwise it will entail absolute control over the organization. Board should be comprised by diverse skills. E.g. people should be there with right balance of gender, finance, legal and other specialized skills. There should be participation from various stakeholders who are some way connected with the vision and mission of an organization.

There should be clearly defined policy for recruiting and election of board members and trustees. Induction of new board members should be through an open process of providing opportunities of being elected from larger group of stakeholders. The process of formation of board should be an independent one. It should also be ensured that there should not be a conflict of interest among board members. So, ideally there could be a nomination committee of the board and it should be responsibility of that nomination committee to bring in names of potential board members of experience and understanding in the area in which the organization is involved. And as an ideal process, staff members and even the CEO should not be part of the nomination committee just to ensure independence for the entire process. These are some of the basic steps one can take to form a board of NGO.

Inputs by Gagan Sethi – Janvikas

- Never borrow or copy pate the strategies of governance from another organizations to your organizations.
- Governance policy has to be fit to the needs of the organization that you work for.
- If small organizations have written policies then, they can not grow faster. For the good growth of organization, they have to remain little flexible in their initial years. When they become medium size, they can have few written policies and when they become larger of 25 or 30 years their entire policies get converted in to their formal processes.
- Do not make a bureaucratic framework of governance in NGO.
- Keep some flexibility in certain rules related to employees of organization.

12.9. SUMMARY:

Running an NGO is perhaps more complicated, more demanding than running a publicly listed corporation", as the public's expectations are higher and their demands for transparency are likely to increase in the future. Good governance is a 'must have' if NGOs are to earn public confidence. People are not going to support an organization where they don't know whether money is directed to the right and proper cause. In other words, public support follows only when good governance and management policies are evident, and the primary responsibility for that lies with an NGO's board and staff. For NGOs are going to be judged not only by their transparency, accountability, and financial sustainability, but also on how well they mobilize and manage resources and deliver services.

12.10   KEY WORDS :

1. NGO,
2. Governance,
3. Accountability,
4. Participation,
5. Transparency

12.11 EXERCISE :

1. What is Governance?
2. Give an account on significance of governance.
3. Explain inputs given by experts for good governance.
4. What is the process of designing the Governance policy?

12.12 REFERENCES :

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Prof. M. Trimurthi Rao

FINANCIAL MANAGEMENT-ORGANIZATIONAL BUDGET

OBJECTIVES :

The objective of this lesson is to make the student understand the concepts of Financial Management, Financial Planning, and Budgeting.

CONTENTS :

13.1 INTRODUCTION :

❖ Financial management is not a simple accounting practice. It is an important element of program management and it should be regarded as a separate activity overseen by an auditing service.

❖ Financial management includes planning, organization, control and monitoring of financial resources for an organization to achieve its goals.

❖ Financial management for NGO is like running maintenance for a car. Unless you fill your car with good quality gas and oil and have it serviced regularly, the car won't work properly. A car not serviced will sooner or later break down and its passengers won't reach their destination. In practice, financial management means taking action to ensure a healthy financial state of an organization and leave nothing to chance.

❖ Furthermore, the existence or absence of developed financial management will directly impact NGO's financial viability.

13.2 DEFINITION OF MANAGEMENT :

There are different opinions about Management. Different experts and scholars have defined management in a different way. Some have defined management as an art, some have defined management as a series of steps with specific functions. Definitions according to various experts are given below:

❖ Peter Drucker has defined management as, "Management is a multipurpose organ that manages a business and manages manager, and manages worker and work.

❖ F.W.Taylor has defined management as, "Management is knowing exactly what you want men do, and then seeing that they do it in the best and cheapest way."

❖ Henry Fayol has quoted management as – "To manage is to forecast, to plan, to organize, to co-ordinate and to control."

❖ As per Mary Parker Follett, "Management is the art of getting things done through people."

❖ George R. Terry defines management as "A process consisting of planning, organizing, actuating and controlling, performed to determine and accomplish the objectives by the use of people and resources."

13.3 IMPORTANCE OF MANAGEMENT :

a) **Achievement of goals or meeting targets in time:** Every organization has some goal to accomplish and has target line. By proper planning, direction, coordination and control over all activities, one can achieve goals and meet the targets of organization in time.

b) **Stability and growth :** Management ensures the effective and optimum utilization of available resources of the organization. It controls the various activities and operations, integrates the functions.

c) **Change and development :** Organization that follows management concepts, is aware of the changing environment and can foresee the development in future.

d) **Efficiency and effectiveness :** Management functions are Planning, Organizing, Leading and Controlling. These functions bring efficient and effective human efforts and operations.

13.4 CONCEPT OF NGO FINANCIAL STABILITY :

Seven pillars of financial management. It is useful to identify a set of best practice principles that can be used as a benchmark for developing proper financial management in NGO. These principles help managers see the usefulness of effective financial management and proper staff performance. Let us take a look at each of the "Seven pillars of financial management" as a separate goal to work towards.

Consistency : A financial policy should be time-consistent. This ensures the effectiveness and transparency of activities, specifically financial reporting. At the same time, systems can be modified and improved if an organization changes. Inconsistent approaches to financial management can be a sign of financial manipulations inside an organization.

Accountability : An organization should account for the use of its resources and its achievements to its stakeholders, including beneficiaries. All stakeholders have a right to know how the money was spent and how their authority was used. NGO must account for their decisions and actions, and publish their financial reports.

Transparency : An organization should be open about its operation and provide information about its activities and plans to stakeholders. Transparency implies accurate, detailed and timely financial reporting to stakeholders, including beneficiaries. If an organization lacks transparency, one can get an impression that it has something to conceal.

Viability : To ensure financial viability an organization's expenditures should match its revenues, both on the operational and strategic levels. Viability reflects NGOs' financial integrity and reliability. Trustees and managers of an organization should develop a financial strategy showing how NGO will meet its financial obligations and implement its strategic plan.

Integrity : NGO should work honestly and properly. For example, managers and board members should set an example by adhering to the established policy and procedures, and declare their own interests, which at times may run counter to their responsibilities. Honest financial record keeping and reporting is conditional on the accuracy and completeness of financial accounting.

Oversight : An organization must oversee the financial resources it has been entrusted with and their target use. A decision-making body (e.g. the board) should assume joint responsibility for this. In practice executive staff ensures proper financial oversight through thorough strategic planning, financial risk assessment and creation of proper oversight systems and means.

Accounting standards : A system of financial accounting and recordkeeping should meet internationally accepted accounting standards and principles. Any accountant in any country should be able to see the workings of the system that an organization is using for its financial accounting.

13.5 FINANCIAL PLANNING PROCESS :

Financial planning is both a strategic and operational process that is aimed at reaching specific goals. This process involves both building long-term financing strategies and short-term budgets and projections. Financial planning is the basis of effective financial management. It does not start with budgets and figures. Effective budgeting is feasible if it is based on a good plan. You cannot project financial indicators unless you have a clear vision of what you are going to do and how.

13.6 PYRAMID OF PLANNING :

NGO are created with an aim of achieving specific goals. Typically, they state these goals in a strategic plan. A strategic plan consist of several parts, starting from a description of long-term goals as Vision or Mission, or both of these, to a more detailed description of the ways to implement the mission. As the level of detail increases, the temporary horizon of planning narrows and NGO staff's involvement in the planning process broadens.

Vision : Vision is the most long-term goal of an organization i.e. this is a challenge that NGO cannot address single-handedly, yet is working towards a solution. For instance, UN vision consists in ensuring "peace in the entire world".

Mission : The majority of NGO describe their mission in their charter documents. A mission elucidates goals and values of an NGO in the form of several general proposals.

Goals : Goals are components that help an NGO carry out its mission. Goals is the focus of an NGO's activities that clearly shows what the NGO aspires to achieve within a specific time span. Goals should be in line with the SMART principle (specific, measurable, achievable, realistic and time-bound).

Strategy : Strategies set forth a goal achievement order for an NGO. Strategies describe actions aimed at attaining each goal.

Plans : A strategy can be divided into several more specific and detailed plans for each objectives, function or project. The temporary horizon of plans (about 1 year) is usually shorter than the one for strategies and goals, and plans are regularly revised in the course of their implementation. Budgeting relies on plans.

13.7 FINANCIAL MANAGEMENT FOR NGOS :

Planning : In most of the NGOs, long term plan (plan for 3-5 years) may not be available. This is because NGOs are dependent on external sources of funds like donations, grants etc. Unless they have been sponsored by big corporate houses or they are funded by Government. The NGOs who are always in need of funds and face scarcity of funds cannot have long term

planning. In fact they are so much occupied in solving present problems with the existing work going on. In such cases long term planning is almost absent. NGOs at a time or undertake two or more projects at a time. Project implementation requires planning, arrangement and allocation of resources and time management.

For implementing the project / achieving any goal, thoughtful and considerate planning is essential. In case of NGOs, planning may involve following:

a) Designing the projects to achieve the targets

b) Plan of project activities

c) Formulating strategies for implementing the project

d) Identifying various requirements like manpower, method of implementing the project, funds requirement etc.; in short the need of Man, Machine, Material, Money.

Organizing: In NGOs following are the areas that need organizing:

Marketing : In present days, where boom in NGOs is observed, it has become vital for NGOs to market themselves. Marketing is essential for creating awareness of general public, donors and beneficiaries about the work NGOs are undertaking and services being offered by NGOs. Websites and brochures are some methods of marketing of NGOs. Marketing is equally important in commercial sector as well as non-profit sector.

Staffing : In NGOs, manpower comprises of paid staff and volunteers. The volunteers could be students, social workers or any person who is willing to work for a social cause, benefit of society. Staffing process involves identifying jobs according to needs of organization, recruitment of human resource based on their qualification and skills, providing training as per need. Staffing is an important component of human resource management.

Financing : In case of NGOs, funds are generated by various means like public donations or Government/Corporate grants or sale of products produced by them, workshops, charity shows and personal donations by the members. There is no fixed income as such. Many a times it happens in NGOs that the project gets stuck up at some stage due to insufficient funds. There is always a gap between the funds requirement and funds generated. NGOs need to plan financing methods and should take fund raising as an important activity. They should not rely on one single source of fund, rather they should look for more options.

Proper financing involves investment of surplus available funds so that more resources are generated by way of interest / dividend or capital gains for future use; this also ensures optimum utilization of available resources.

Project implementation : After marketing, staffing and financing, project implementation starts. Management concept is very important for successful implementation of project.

Controlling : It includes monitoring that the activities are going as per the pre-decided planning, comparing the actual findings with the estimated standards. If there is any deviation from the standards, there is need to take corrective action in time. In NGOs controlling is very important to avoid misuse or wastage of scarce resources. Different measures of control in NGOs are:

a) Feedback : The feedback from the beneficiaries for service / facility / help provided by NGOs is an informative source for improvement in working of NGO. NGOs should have some methodology to collect feedback of beneficiaries, know their opinions and non desirable things (if any), their suggestions for further improvement.

b) Budget : It is an important aspect of controlling. It is used as a control device by matching revenues and expenses for the concerned department against the budget projections. A periodic performance evaluation is necessary to ensure that performance is in line with projections. In case there are any deviations, corrective actions should be taken and if required, the budget projections may be revised.

Performance Control : This refers to comparing the actual performance to the standard performance, actual output to the standard optimum output.

❖ All organizations need money. Alongside staff, money is the one thing that takes up most management time. Good financial management involves the following four building blocks:

❖ Keeping Records

❖ The foundations of all accounting are basic records that describe your earnings and spending.

❖ This means the contracts and letters for money you receive and the receipts and the invoices for things that you buy.

❖ These basic records prove that each and every transaction has taken place. They are the cornerstones of being accountable. You must make sure that all these records are carefully filed and kept safe.

❖ You must also make sure that you write down the details of each transaction. Write them down in a 'cashbook' - which is a list of how much you spent, on what and when.

❖ If you are keeping your basic records in good order and writing down the details of each transaction in a cashbook then you cannot go far wrong.

❖ Internal Control

❖ Make sure that your organization has proper controls in place so that money cannot be misused.

Controls always have to be adapted to different organizations. However, some controls that are often used include:

➢ Keeping cash in a safe place (ideally in a bank account).

➢ Making sure that all expenditure is properly authorized.

➢ Following the budget.

➢ Monitoring how much money has been spent on what every month.

➢ Employing qualified finance staff.

➢ Having an audit every year.

Carrying out a 'bank reconciliation' every month - which means checking that the amount of cash you have in the bank is the same as the amount that your cashbook tells you that you ought to have.

This last control is particularly important. It proves that the amounts recorded in the cashbook and the reports based on it are accurate.

13.8 MEANING OF BUDGETING :

In our daily life, we use to prepare budgets for matching the expenses with income; and available funds can be invested in a profitable manner. Similarly in business, budgets are prepared on the basis of future estimated production and sales in order to find out the profit in a specified period. A budget is in the nature of an estimate and is a quantified plan for future activities to coordinate and control the use of resources for a specified period. Thus the budget is a quantitative statement of management plans and policies for a given period and is used as a guide for the purpose of attaining the given objectives. It is also used as a standard with which actual performance is measured. Budgets must be prepared with full knowledge and acceptance by the executives whose performance is to be measured against the budget. Different types of budgets are prepared for different purposes.

Budgeting may be defined as the process of preparing plans for future activities of a business enterprise after considering and involving the objectives of the said organization. This also provides process/steps of collection and comparison of data, by which deviations from the plan, either favourable or adverse, can be measured. This analysis is helpful in performance analysis, cost estimation, minimizing wastage and better utilization of resources of the organization.

13.9 DEFINITION OF BUDGET AND BUDGETARY CONTROL :

Budgeting is a process, which includes two important functions: Budget and Budgetary control. Budget is a planning function and budgetary control is a controlling system or technique. A manager looks to the future, searches for alternative courses of action and predetermines a course of action to be taken in relation to known events and the possibilities of future problems. Thus, the budget will do this work for the activities of a business enterprise. I.C.M.A., London defines the budget as "Budget is financial and/or quantitative statement, prepared prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining a given object".

At the same time, controlling is the process of measuring current performances and guiding them towards some predetermined goals. The essence of control lies in checking existing actions against some desired results determined in the planning process. Thus, the budgetary control is a tool of control to achieve the budgeted goals. I.C.M.A., London defines budgetary control as, "Budgetary control is the establishment of budgets relating to the responsibilities of executives to the requirement of a policy and the continuous comparison of actual with budgeted results either to secure by individual action the objectives of that policy or to provide a basis for its revision."

In nutshell, Budgetary control is a system and a technique which uses budgets as a means of controlling all aspects of the business and is designed to assist management in the allocation of responsibility and authority, in the measurement of actual performance, in the analysis of variations between budgeted and actual results and to develop basis of measurement, in the light of experience gained and results achieved, with which to evaluate performance and efficiency of the operations. Thus, a budget is a means and budgetary control is the end result.

13.10 OBJECTIVES OF BUDGETING :

It is a well known fact that a planned activity has better chances of success than an unplanned one. The budgeting is a forward planning and effective control tool. Thus, the objectives of the budgeting are:

- ❖ To control the cost and increase revenue and thereby maximize profit, so as to know profit at different level of production and best production level.
- ❖ To run production activities in efficient manner by lay behind the chances of interruption in production process due to lack of material, labour etc.
- ❖ To bring about coordination between different functions of an enterprise, which is essential for the success of any enterprise.
- ❖ To incorporate measures of calculation of deviations from budgeted results and analysis of the same, whereby responsibility can be fixed and controlling measures/action can be taken.
- ❖ To ensure that actions taken are in accordance with the targets and if required, to take suitable corrective action.
- ❖ To predict short-term and long-term financial positions for better financial position and management of working capital in better manner.

13.11 ESSENTIALS OF EFFECTIVE BUDGETING :

A good budgeting system requires good organizational system with lines of authority and responsibility clearly mentioned. There must be perfect co-ordination among different functions as well as participation of responsible managers / supervisors in the decision making process. Thus, the main essentials of effective budgeting may be as follows:

❖ There should be well-planned organizational set-up, authority and responsibility clearly defined, budget committee should be formed consisting of all top executives.
❖ There should be a good accounting system which provides accurate and timely information.
❖ Variations should be reported promptly and clearly to the appropriate levels of management.
❖ Budgets have no meaning unless they lead to control action as a consequence of feedback provided.
❖ The whole system should enjoy the support and co-operation of top management.
❖ Staff should be strongly and properly motivated towards the systems.
❖ Budgets should be prepared on the basis of clearly defined business policies after discussion held with the head of individual department so that they may provide their suggestions in this regard.

13.12 ESTABLISHING A BUDGETING SYSTEM :

For preparing an efficient budget, there is an urgent need of well-versed system for preparing the budget. This process is required an efficient system of implementation within the organization. The main essentials of establishment of system of budgeting are:
1. Budget Centres
2. Budget Committee
3. Budget Officer
4. Budget Manual
5. Budget Period
6. Budget Key Factor or Determining Principal Budget Factor
7. Forecasting
8. Determining Level of Activity
9. Preparation of Budget

Let us study each one of the above in detail.

1. **Budget Centres :** Budget centre are defined as different sections of an undertaking or an organization, where budgetary control measures are to be applied and for the purpose, separate budgets are to be prepared with the help of head of these centres so that these may be implemented more efficiently.

2. **Budget Committee :** The budget committee is a group of representatives of various functions in an organization, e.g. Sales Manager, Production Manager, R&D Manager, Materials Manager, etc. As all functions are interrelated and any change in one's target will have its impact on that of the others. Therefore, it is necessary to discuss the targets so that a mutually agreed programme can be determined. This is really the co-ordination in budget making. It is powerful force in knitting together the various activities of the business and enforcing real control over operations. The principle functions of a Budget Committee are:

❖ To provide departmental managers past data regarding performance, costs etc. thus, helping them to prepare their respective budgets.
❖ To co-ordinate, receive, review the functional budgets in the light of general policies and objective of the organization.
❖ To approve the functional budgets after making necessary changes.
❖ To prepare and present the Master Budget on the basis of functional budgets, so developed and approved for final considerations and approval of the Board of Directors.
❖ To recommend action to be taken on the basis of variance analysis.

3. **Budget Officer :** To link up or co-ordinate the various functions, to bring them together and to co-ordinate their efforts in the matter of preparation of target figures, there should be a person called Budget Officer or Budget Controller. He is enable to provide ready data relating to all the functions. He is more or less the Secretary to the Budget Committee. His duties will comprise mainly:

- ❖ Helping in preparation of the various budgets and their co-ordinations and compilation into the master budget.
- ❖ Compiling information about actual performance on a continuous basis, comparing it against the budget figures, ascertaining causes of deviation and preparing reports based thereon and sending them to the appropriate executives.
- ❖ Bringing to the notice of the management the need for revision of budgets and assisting them in the task, and
- ❖ Compiling information of all types for the purpose of efficient preparation of budgets and proper reporting.

4. **Budget Manual :** Budget manual is defined as a document which sets not standing instructions, the responsibility of the persons engaged in, and the procedures, forms and records relating to the preparation and use of budgets. Thus budget manual is a booklet of budget policies which lays down the details of the organizational set up with duties and responsibilities of executives including the budget committee and budget officer and procedures to be followed for developing budget in respect of various activities. The following are some of the important matters dealt with in the budget manual:

- ❖ The dates by which preliminary forecasts and plans are to be submitted.
- ❖ The forms in which these are to be submitted and the person to whom these are to be forwarded.
- ❖ The important factors that must be considered for each forecast or plan
- ❖ The categorization of expenses, e.g., variable and fixed, and the manner in which each category is to be estimated and dealt with.
- ❖ The manner of scrutiny and the personnel to carry it out.
- ❖ The matter which must be settled only with the consent of the managing director, departmental manager, etc.
- ❖ The finalization of the functional budgets and their compilation into the Master Budget.
- ❖ The form in which the various reports are to be made out, their periodicity and dates, the persons to whom these and their copies are to be sent.
- ❖ The reporting of the remedial actions.
- ❖ The manner in which budgets, after acceptance and issuance, are to be revised or amended, and
- ❖ The matters to be included in budgets, on which action may be taken only with the approval of top management.

5. **Budget Period :** This is the period for which forecasts can reasonably be made and budgets can be formulated. Budget periods vary between short-term and long-term and no specific period can be laid down for all budgets. Normally, a detailed budget for each responsibility centre is prepared for one year. In fact, the length of the budget period depends on the type of the business, the length of the manufacturing cycle from raw material to finished products, the ease or difficulty of forecasting future market conditions and other factors. It should be kept in mind that the budget period

should be long enough to allow for the financing of production well in advance of actual needs and also coincide with the financial accounting period to compare actual results with budgeted estimates.

6. **Budget Key Factor or Determining Principal Budget Factor :** The key factor is also known as limiting factor, governing factor, etc. and may be defined as the factor which at a particular time or over a period will limit the activities of an undertaking. The limiting factor is, usually, the level of demand for the products or services of the undertaking, but it could be a shortage of one of the productive resources, e.g. skilled labour, raw material, or machine capacity etc. In order to ensure that the functional budgets are reasonably capable of fulfilment, the extent of the influence of this factor must be assessed.

The key factor is normally temporary in nature and is a constraint at a particular point of time. In the long run, they can be overcome by proper planning and management action. The principal budget factor which will influence the targets may be:

- customer demand,
- plant capacity,
- availability of raw materials,
- availability of skilled labour,
- availability of adequate capital,
- storage capacity of raw material and finished goods,
- space for plant installation, and
- governmental restrictions etc.

7. **Forecasting :** Forecasting is the statement of events likely to occur. It connotes a degree of looseness, so that it is usually the practice to judge the accuracy of forecasts on the basis of actual performance, taking the latter to be correct. The forecast of a function need not necessarily be well coordinated. The desired coordination could be obtained before the budget is finalized. A forecast forms the basis for the budget. A budget indicates a target and it is a statement of planned events, generally evolved from the forecast.

8. **Determining Level of Activity :** The level of activities are determined on the basis of information and estimates provided regarding / about future conditions and activities of market and position of product in the market by departmental heads or concerned managers. For this purpose, detailed discussions, analysis, preparation of reports are to be done and then written report to be formed and submitted to budget committee for their decision making.

9. **Preparation of Budget :** After discussing all the factors, which may affect the process of budgeting, the budget should be prepared. The manager who is responsible for meeting the budgeted performance should prepare the budget for those areas for which they are responsible. The preparation of the budget should be a bottom-up process. This means, the budget should originate at the lowest levels of management and be refined and co-ordinated at higher levels. This will enable managers to participate in the preparation of their budgets and increases the probability that they will accept the budget and strive to achieve the budgeted targets.

When all the budgets prepared by respective managers, then, they should be coordinated with each other and corrected in respect of organizational goal and then, summarized into a Master Budget consisting of a Budgeted Profit and Loss Account, a Balance Sheet and a Cash Flow Statement. After the Master Budget has been approved, the budgets are to be passed down through the organization to the appropriate responsibility centre. The approval of the

master budget gives the authority for the manager of each responsibility centre to carry out the plans contained in each budget.

A Budget is a plan expressed in quantitative, usually monetary terms with a specific time frame usually a year. In other words, it is a systematic plan to utilize the available resources effectively. In the case of NGOs a budget represents the expected income and the expected expenses that will arise in a specific period of time. Budgets may be divided into Capital Budgets and Operative Budgets. Capital budgets are directed towards proposed expenditures for new projects and often require dedicated funds. The operative budgets are directed towards achieving short term operational goals of the organization, in the case of NGOs operative budgets could be for example the number of HIV/AIDS people to be treated in a specific period of time.

The main characteristics of a budget are.

- ❖ It 1s prepared in advance based on the objectives and goals of the organization.
- ❖ It is for a specific period in the future.
- ❖ It is generally expressed in quantitative form.

13.13 KEY FACTORS INVOLVED IN BUDGET PREPARATION :

- ❖ **Goal setting :** The setting up of a definite plan of organization is the first step towards preparation of the budgeting and budgetary control mechanism. This document should give details of the powers, duties and the sphere of activity important key officials.
- ❖ **Budget Settlement :** The budget needs to be settled in discussion with the various department heads. For example, in the case of purchase budget for a year, all the department's needs to be assessed, before purchase budget is finalized.
- ❖ **Fixation of the Budget Period :** A definite time frame is needed for preparation of Budget. Usually it will one year time frame. Depending upon the requirement of the organization and for better control the period could be quarterly or monthly.
- ❖ **Forecasting income and expenses :** In the case of NGOs it is important to forecast the income flow for a year and also the expenses for a year. For better monitoring it can be split in to monthly or quarterly budget. Since NGOs are normally dependent on donations and-grants, preparation of a cash budget is very important.
- ❖ **Project wise budgeting :** In the case of NGOs, it will help the organization to prepare project wise budgeting to plan and control the operation project wise.

Budgets can be classified into different categories on the basis of Time, Function, or Flexibility. The different budgets covered under each category are shown in the following chart.

Chart - Classification of Budgets

Time	Function	Flexibility
Long term	Cash	Fixed
Short term	Purchase	Flexible
Current	Personnel	
Rolling	Capital	
	Project	

13.14 TECHNIQUE OF BUDGETING :

The first thing in budgeting is to be clear about the objectives for the year. Budget is not simply looking at the previous year's income and expenditure account and adding or deducting a little here and there. This is not budgeting though many do it this way. Budgeting is a serious exercise which gives direction to all people in the organization. It is a two-way control. It gives direction and also brings control. Objectives of the organization should be clearly decided. In the case of business, their goal as always is to maximize the profits. Where as in the case of NGOs, their goals may be reaching more villages, more underprivileged people, opening hospitals and schools etc. It is always proper to be very specific in stating the objectives. After defining the objectives, the key factors or liming factors must be ascertained. The constraining factors needs to be identified. It could be trained staff or the funds, then, a realistic budget must be prepared. Another very important factor is to involve those who are actually involved in the implementation of the objectives, right from the stage of budgeting. A budget should never be made without consulting the people who are involved in the implementation. Budgeting is not just the accountant's work. It is the function of the senior members of the organization. A budget should be a realistic expectation in relation to the goal that has been set.

Cash Budget : The Cash Budget is a summary of the organization's expected cash inflows and outflows over a particular period of time. In other words, cash budget involves a projection of future cash receipts and cash disbursements over a specific time interval.

A cash budget helps the management in:

- Determine the future cash needs of the firm
- Planning for financing of those needs
- Exercising control over cash and liquidity of the firm.

13.15 BUDGETARY CONTROL :

The system of planning can be successful only by having an effective and efficient system of control. Budgeting is closely connected with control. The exercise of control in the organization with the help of budgets is known as budgetary control. The process of budgetary control includes :

- Preparation of various budgets
- Continuous comparison of actual performance with budgetary performance and
- Revision of budgets in the light of changed circumstances.

A system of budgetary control should not become rigid. There should be enough scope for flexibility to provide for individual initiative and drive. Budgetary control is an important device for making the organization more efficient on all fronts. It is an important tool for controlling costs and achieving the overall objective.

13.16 SUMMARY :

Financial Management plays a key role while managing an non-profit organization. This unit deals in brief with concept, importance, planning process. A budget forms an integral part of any organization, be it for a profit organization or a not for profit organization. This unit deals in brief about all the details which need to be known to understand a budget. The unit discusses different aspects of a budget like the preparation of a budget, types of budget and techniques of budgeting. Overall the unit gives an overview of the whole concept of budgeting.

13.17 KEYWORDS :

1. Management,
2. Budget,
3. Organization

13.18 EXERCISE :

1. Explain Financial Management of an NGO?
2. Examine the objectives and essential of Budgeting?
3. What do you understand about budgetary control?

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LESSON - 14
SOURCES OF FINANCE

OBJECTIVES :

　　The objective of this lesson is to make the student understand the concepts of finance, need for finance in an organisation, guidelines for formulating financial budget, and sources of finance and their characteristics.

CONTENTS :

14.1　INTRODUCTION :

　　Finance is a field that deals with the management of money, investments, and financial resources. It encompasses various activities related to the acquisition, allocation, and utilization of funds in different sectors, such as business, government, and personal finance. In essence, finance involves the study and analysis of financial systems, markets, and instruments to make informed decisions regarding the generation, allocation, and management of wealth. It plays a crucial role in driving economic growth, facilitating investment opportunities, and ensuring the efficient allocation of resources. Finance covers a wide range of topics and areas, including financial planning, budgeting, investment management, risk assessment, financial markets and instruments, capital structure, and financial analysis. It is concerned with understanding and managing the flow of money, assessing the financial viability of projects and investments, and determining the most effective strategies to maximize returns and mitigate risks.

　　In both personal and business contexts, finance is essential for making informed decisions about saving, borrowing, investing, and managing financial resources. It helps individuals and organizations plan for the future, evaluate the costs and benefits of various options, and make sound financial choices. Overall, finance provides the foundation for understanding and managing the monetary aspects of individuals, organizations, and economies. It provides tools, techniques, and frameworks to analyze financial data, assess risks, and make informed decisions to achieve financial goals and optimize the allocation of resources.

14.2　DEFINITIONS OF FINANCE :

Here are a few definitions of finance along with their respective references:

　　1.　"Finance is the art and science of managing money."

2. "Finance refers to the management of money, including activities such as investing, borrowing, lending, budgeting, and risk management."
3. "Finance is the discipline that deals with the study of investments, money, and capital markets."
4. "Finance involves the analysis, management, and allocation of financial resources to achieve financial objectives and maximize value."

These definitions provide different perspectives on finance, highlighting its focus on managing money, making financial decisions, and optimizing the use of resources to achieve financial objectives.

14.3 THE NEED FOR FINANCE IN AN ORGANISATION :

Finance plays a crucial role in organizations for several reasons :

➤ **Capital Acquisition :** Finance is essential for acquiring the necessary capital to start or expand an organization's operations. It involves securing funds from various sources such as investors, lenders, and shareholders to finance investments in assets, research and development, and other business activities.

➤ **Investment Decisions :** Finance helps organizations make informed investment decisions. It involves evaluating potential projects or opportunities and determining their financial feasibility and potential returns. By analyzing the costs, benefits, and risks associated with investments, organizations can allocate their resources effectively and pursue projects that align with their strategic goals.

➤ **Financial Planning and Budgeting :** Finance enables organizations to develop financial plans and budgets that guide their operations. It involves forecasting future financial needs, estimating revenues and expenses, and allocating resources to different activities. Financial planning helps organizations ensure that they have the necessary funds to cover expenses, meet financial obligations, and achieve their objectives.

➤ **Risk Management :** Finance is crucial for managing financial risks and uncertainties faced by organizations. It involves identifying and assessing risks, implementing risk mitigation strategies, and developing contingency plans. Effective risk management helps organizations protect their financial stability, minimize potential losses, and ensure business continuity.

➤ **Financial Performance Evaluation :** Finance provides tools and metrics to evaluate the financial performance of an organization. It involves analyzing financial statements, key performance indicators, and financial ratios to assess profitability, liquidity, solvency, and efficiency. By monitoring financial performance, organizations can identify areas for improvement, make informed decisions, and ensure long-term sustainability.

➤ **Stakeholder Communication :** Finance plays a role in communicating financial information to stakeholders, such as investors, lenders, shareholders, and regulatory authorities. It involves preparing financial reports, statements, and disclosures that provide transparency and accountability. Effective communication of financial information builds trust and confidence among stakeholders and enhances the organization's reputation.

Overall, finance is essential in organizations as it enables capital acquisition, facilitates investment decisions, supports financial planning and budgeting, manages risks, evaluates performance, and communicates financial information to stakeholders. It ensures the efficient use of resources, financial stability, and the ability to pursue strategic objectives effectively.

14.4 GUIDELINES FOR FORMULATING FINANCIAL BUDGET OF ORGANISATION :

Here are some guidelines for formulating a financial budget for an organization :
1. **Set Clear Financial Goals :** Define the financial objectives and targets of the organization. This may include revenue growth, cost reduction, profit margins, or investment targets. Ensure that the goals align with the overall strategic objectives of the organization.
2. **Gather and Analyze Financial Data :** Collect relevant financial data, including historical financial statements, sales figures, expense records, and cash flow statements. Analyze the data to identify trends, patterns, and areas that require attention or improvement.
3. **Involve Key Stakeholders :** Engage relevant stakeholders in the budgeting process, such as department heads, managers, and finance professionals. Seek input from different functional areas to ensure a comprehensive understanding of their financial needs and requirements.
4. **Estimate Revenues :** Forecast the expected sources of revenue for the organization. Consider factors such as sales projections, pricing strategies, market trends, and customer demand. Use realistic and reliable data to estimate revenue figures.
5. **Project Expenses :** Identify and categorize the different types of expenses the organization will incur. This includes fixed costs (e.g., rent, salaries) and variable costs (e.g., raw materials, marketing expenses). Use historical data, market research, and cost estimates to project future expenses.
6. **Consider External Factor :** Take into account external factors that may impact the organization's finances. This includes changes in market conditions, industry regulations, economic trends, and competitive landscape. Adjust the budget accordingly to accommodate potential risks and opportunities.
7. **Allocate Resources :** Allocate resources based on the financial goals and priorities of the organization. Determine the appropriate allocation of funds to different departments, projects, or initiatives. Ensure that resources are distributed in a way that supports the organization's strategic objectives.
8. **Monitor and Review :** Continuously monitor the financial performance of the organization against the budget. Conduct regular reviews to assess variances, identify areas of improvement, and make necessary adjustments to the budget.

It is important to note that the specific guidelines for formulating a financial budget may vary depending on the nature and size of the organization. It is advisable to consult relevant financial management resources, such as textbooks, professional publications, or financial management guides, for detailed guidelines tailored to specific industries or organizational contexts.

Characteristics of a financial budget include :

a. **Specificity :** A financial budget should be detailed and specific, clearly outlining the anticipated inflows and outflows of funds. It should include specific line items for revenues, expenses, and investments to provide a comprehensive view of the organization's financial activities.
b. **Timeframe :** A financial budget covers a specific period, typically a fiscal year, and is divided into shorter timeframes, such as monthly, quarterly, or annually. It allows for effective planning and monitoring of financial activities within the designated time period.

c. **Realism :** A financial budget should be realistic and based on accurate and reliable data. It should reflect the organization's actual financial capabilities, market conditions, and anticipated performance. Unrealistic budget estimates can lead to poor decision-making and financial instability.

d. **Flexibility :** A financial budget should be flexible enough to accommodate unexpected changes or unforeseen circumstances. It should allow for adjustments and revisions as needed, taking into account changing market conditions, business requirements, and external factors.

e. **Balance :** A financial budget should aim to achieve a balance between revenues and expenses. It should align with the organization's financial goals and strategic objectives, ensuring that expenses do not exceed revenues and that financial stability is maintained.

f. **Control :** A financial budget serves as a control mechanism for managing and monitoring financial resources. It allows for tracking actual financial performance against planned targets, identifying variances, and taking corrective actions when necessary.

g. **Communication Tool :** A financial budget is a communication tool that helps stakeholders, such as management, investors, lenders, and shareholders, understand the organization's financial plans, projections, and priorities. It facilitates transparency and accountability in financial management.

h. **Performance Evaluation :** A financial budget provides a benchmark for evaluating the organization's financial performance. By comparing actual financial results with the budgeted figures, it helps identify areas of strength, weakness, and improvement. It serves as a basis for financial analysis and decision-making.

These characteristics contribute to the effectiveness and usefulness of a financial budget in guiding an organization's financial activities, enabling financial control, and supporting strategic planning and decision-making.

14.6 SOURCES OF FINANCE :

There are several sources of finance available for organizations. Here are some common sources:

- ❖ **Equity Financing :** This involves raising funds by issuing shares or ownership stakes in the organization. Equity financing can come from founders, investors, or through the sale of shares in the stock market.

- ❖ **Debt Financing :** Organizations can borrow money from various sources, such as banks, financial institutions, or private lenders. Debt financing typically involves repaying the borrowed amount with interest over a specified period.

- ❖ **Grants and Donations :** Nonprofits organizations and social enterprises can seek grants and donations from government agencies, foundations, corporations, and individual donors. These funds are often provided to support specific projects or initiatives aligned with the organization's mission.

- ❖ **Internal Sources :** Organizations can generate funds internally through retained earnings, reinvestment of profits, or liquidation of assets. This self-financing approach avoids external borrowing and reduces reliance on external sources.

- ❖ **Venture Capital :** Start-ups and high-growth potential businesses can seek funding from venture capital firms. Venture capitalists provide capital in exchange for an equity stake in the organization and often offer additional support and guidance.

- ❖ **Crowd funding :** This involves raising funds from a large number of individuals through online platforms. Organizations pitch their projects or ideas, and individuals

contribute small amounts of money. Crowd funding can be reward-based, donation-based, or equity-based.

- ❖ **Trade Credit :** Organizations may negotiate trade credit terms with suppliers, allowing them to purchase goods or services on credit and pay later. Trade credit can serve as a short-term financing option to manage cash flow.
- ❖ **Leasing and Hire Purchase :** Organizations can lease or hire assets such as equipment, machinery, or vehicles instead of purchasing them outright. This allows for the use of assets while conserving cash flow.
- ❖ **Government Funding and Subsidies :** Governments often provide funding programs, subsidies, or tax incentives to support specific industries, research and development, or regional development. Organizations can explore these opportunities for financial support.
- ❖ **International Funding :** Multinational organizations or organizations involved in international projects can access funds from international financial institutions, such as the World Bank or regional development banks.

It's important for organizations to consider their specific needs, circumstances, and eligibility criteria when choosing the most suitable source of finance. Additionally, a combination of different sources may be used to meet funding requirements.

Main Source of Funding : The prime sources of funding to voluntary sector have been the institutions of modem Indian state - central, state and local government bodies; corporations, companies, business concerns, trusts and foundations; foreign institutions and international NGOs etc. The other sources of financial support to VOs/NGOs pertain to contributions of individuals or communities from within Indian society.

State Funding : The Indian state has been making provisions for extending financial support to voluntary activities since the early 1950s. These provisions have been the outcome of the philosophy of pluralist welfarism and democratic state's commitment to change and development, particularly rural development. Various government ministries, viz., Human Resources, Social Justice and Empowerment, Rural Development, Water Resources, Science and Technology and others have been making financial allocations and furnishing grants-in-aid to VOs/NGOs through centrally sponsored development programmes. It is estimated that there are about two hundred and fifty development schemes and programmes (involving VOs/NGOs) under operation of more than twenty ministries/departments. Allocation (projected outlay) for voluntary sector through eight key central government ministries has been to the time of Rs. 2,878 cores during the Tenth Five year Plan. Similarly, state governments and other concerned departments/institutions have also been providing financial support to voluntary sector.

Other institutions created by the Indian state, viz., Central Social Welfare Board (CSWB), Council for Advancement of People's Action and Rural Technology (CAPART), Khadi and Village Industries Commission (KVIC), National Children's Fund, Family Planning Association of India and the like have been proving financial assistance to VOs/NGOs for specific schemes and projects related to rural development. At the local level, VOs/NGOs have also been able to procure funds and other resources from District Rural Development Agencies (.DRDAs) and Panchayati Raj Institutions.

Though the Indian state has been the major source of funding to VOs/NGOs, the resources still remain inadequate given the vast universe of voluntary sector in India. Most of the funds are given only according to the rules of specific schemes, hence there is usually no flexibility to make adjustments according to the actual requirements of VOs/NGOs. Access to funds is generally difficult since it is governed by stringent rules and procedures and marked

by delays in the release of funds. The positive aspect is that grants-in-aid from the state and official recognition enhance the stability, continuity and credibility among VOs/NGOs.

Contribution of Companies : Business concerns have always been involved in varying degrees with the welfare of communities. Since the 1960s, more and more business organizations have engaged in development activities because of tax incentives offered to companies by the government. During the last decade business concerns have become more conscious of their social responsibility. More and more corporate bodies and business companies are taking social initiatives and getting involved through VOs/NGOs in projects related to rural development. There is a growing trend of offering financial support and other resources to VOs/NGOs as follows:

- Outright donations in cash and in kind (vehicles, computers, medicines and other products produced by companies and needed by VOs/NGOs)
- Sponsorship of events organized by VOs/NGOs whereby companies give money in return for endorsement or publicity of their products or services.
- Partnerships with VOs/NGOs in the actual implementation of development projects.
- Companies encourage their employees to impart knowledge and skills to VOs/NGOs.
- Many times companies outsource the production of accessories to VOs/INGOs.

However, recently the focus has shifted towards a more comprehensive concept of corporate social responsibility which goes beyond the traditional thinking of simply giving resources to needy VOs/NGOs. Within the ambit of corporate social responsibility, business corporations may like to enter into a healthy partnership with VOs/NGOs so as to give back to society in terms of health, education and employment etc. Such partnerships may strive to ensure environment friendly and sustainable development in rural areas. There are hardly any reliable quantitative estimates of actual funding by business concerns to the voluntary sector.

Indian Trusts and Foundations : Most of charitable trusts and foundations usually operate their own projects and programmes related to the welfare and development of society. They also give donations (though not in great measure) to various VOs and NGOs for carrying out development activities. Some of the well known charitable trusts and foundations are: Tata Trusts, Gandhi Peace Foundation, Aga Khan Foundation, Infosys Foundation etc. There are again no reliable estimates regarding the funds given by charitable trusts and foundations to the voluntary sector.

Religious Organizations : There are no statistics on how many religious organizations receive from the public and how much they give to VOs/NGOs. However, there is a large pool of money with religious organizations which can be a potential source of funding the activities of VOs/NGOs. Literature suggests that presently very few religious organizations give funds directly to VOs/NGOs; however, some of them do enter into partnerships with VOs/NGOs for specific activities. Religious organizations are currently not a significant source of funding to voluntary sector. A possibility exists that if VOs/NGOs continue to persuade and approach religious organizations for help, they may become responsive in time.

Individual Donations : Individual donors, not only give money to voluntary organizations but also give time, labour and skills to support their activities. Most of the monetary donations by individuals go to voluntary organizations and to religious organizations in India. Volunteers come from different educational backgrounds and cutting across income groups. However, most of volunteers donating time and labour to community development activities belong to middle and low income households in rural areas.

Community Contributions : Community contributions belong to the same genre as individual donations since it is ultimately the individuals who donate cash, kind, labour, time

or skills. The distinction is that such donations are collectively offered by the community for the implementation of a development project or programme. Community contribution to voluntary action used to be the prime source for generating resources for common good and welfare, particularly for rural development. Due to increased availability of funds from state and other sources, the relevance of community funding has been relegated to the background in recent years. However, community contributions in the form of labour, time and skills etc. is still in vogue within voluntary sector. Further, small VOs/NGOs operating in rural areas still receive community contributions in the form of grain, food item$, local transport, space etc. Keeping with the traditional practice of shrarndan, such VOs/NGOs also receive community's support in the form of labour, time and skill while implementing development programmes in rural areas. In fact while giving grants-in-aid to VOs/NGOs, most government and foreign agencies insist on some contribution from local communities as a component of the total cost of a development project. Local communities come forward to make such contribution predominantly in the form of shramdan, though many a times they also make small monetary contributions.

Foreign/ international Contributions : With the advent of globalization and opening of market-economy, international contributions have emerged as a major source of funding to voluntary sector. This source of funding pertains to grants from private foreign donors, and bilateral and multilateral aid given by international institutions. Financial assistance to voluntary sector from international donors is regulated under the foreign contribution and Regulation Act (FCRA) 1976 (amended in 1985), by Ministry of Home Affairs, Government of India. Private foreign sources of funding to VOs/NGOs are: individual philanthropists; international corporate bodies; international NGOs such as Lions Club, International Red Cross Society, Amnesty International etc.; NGOs based in developed industrialized countries, viz., Oxfam, CARE, Action Aid etc. International nongovernmental sector remains a major source of funding to voluntary sector in India.

Bilateral funding pertains to aid given by the state institutions of countries such as USA, U.K., Germany, Italy, Sweden, Denmark, Norway, Canada, Australia and Japan. Bulk of aid is made available to governmental sponsored programmes. A small proportion of aid is made available to voluntary organizations for specific programmes subject to the approval of Indian Government. In March 2003, Government of India declared that it would no longer accept assistance from smaller donor countries like Canada, Sweden and Denmark. Only large bilateral donors would continue to work with government for channeling funds for development. Some donor organizations such as Canadian International Development Agency have withdrawn funding altogether and others are contemplating following suit. Thus has reduced to some extent the quantum of foreign resources to Indian VOs/NGOs.

Multilateral aid is available from various institutions and agencies of United Nations Organization viz., UNESCO, UNICEF, UNDP, WHO, UNFPA, FA0 etc. Indian voluntary sector also receives financial resources from such multilateral institutions as World Bank, International Monetary Fund (IMF), Commonwealth Development Corporation (CDC), Asian Development Bank (ADB), Islamic Development Bank (IsDB) etc. Multilateral funding is mostly accessible to large and well established voluntary organizations in India. Priority areas for international donors have been health and family welfare, women and children, social welfare, education, rural development, science and technology, environment and human rights.

Non Resident Indians: The Diaspora : Non resident Indians have emerged as a new potential source of funding to voluntary sector during the last decade. A large number of Indians have settled abroad in U.S.A, U.K., Canada, Australia and Middle East countries.

They have emotional ties with a particular region, city or village and are looking for meaningful ways to contribute to the development of India. They intend to make cash donations or transmit their skills, expertise and experience to voluntary organizations. They are also interested in involving NGOs/VOs in carrying development activities in their ancestral places in India. In order to tap this potential source of funding, VOs/NGOs must devise ways and means to furnish suitable/reliable and credible information about their activities to non resident Indians. Voluntary sector in collaboration with Indian state must strive to create adequate mechanisms for smooth and hassle-free conditions for the involvement of NRIs in the process of change and development. For instance, in order to help NRIs to avail of tax benefits in their country of residence, some of the larger NGOs like CRY and others have established parallel nonprofit organizations in countries having large NRI concentrations. These organizations are entitled to exemption of taxes under laws of those countries and Indian donors abroad can avail of tax benefits in their country of residence.

Internal Sources of Funding : Internal sources of funding are membership fees, subscriptions, interests/ dividends, sales of products, individual donations and rent.

- ➢ Membership fees – Annual fees charged for becoming a member of the organization is the membership fees.
- ➢ Subscription – Fees is charged by the organization for subscribing in-house magazine or bulletin or any other type of publication.
- ➢ Interests/dividends – On any short term or long term investment of NGO, interest /dividend is received.
- ➢ Sales of products – Funds are raised by sale of products like handicraft items, food items and candles that are generally prepared by the beneficiaries.
- ➢ Individual donations – Any member of the NGO may give funds from his pocket as individual donation.
- ➢ Rent- In case the NGO leases out its property like office, rent becomes the internal funding source.

External Sources of Funding : External sources: External sources include Government, Foundations, Trusts, Funding Agencies, Corporations, Public donations, Self financing.

Government- "By and large, funds from government to the work of voluntary organizations have been coming right from independence. Central Social Welfare Boardand Khadi and Village Industries Corporation are two early examples of funding the work of certain types of activities of Voluntary Development Organizations". The Central and State Governments have many schemes of various Ministries and Departments in the areas like Education, Health, Children and Women welfare, Human Resource Development, Environment, Rural Development. Many NGOs receive funds from government to work on their projects.

Foundations, Trusts, Funding Agencies: National Foundations/ Funding Agencies, Foreign/international foundations / Funding Agencies and Trusts are one of the major sources of funds for NGOs.

Corporations : Corporate sector includes the corporations and business houses acting as a funding source for NGOs.

Public donations : Donations given by an individual or a group of individual for charitable cause, fall under this category.

14.7 CHARACTERISTICS OF SOURCES OF FINANCE :

Equity financing :

Equity financing refers to the method of raising capital for an organization by issuing shares or ownership stakes in the company. It involves selling a portion of ownership in the

organization to investors in exchange for capital. Here are the characteristics of equity financing:

- ❖ **Ownership Stake :** Equity financing allows investors to become partial owners of the organization. They acquire shares or equity in the company, giving them rights and privileges associated with ownership, such as voting rights and a share in profits.
- ❖ **Permanent Capital :** Equity financing provides permanent capital to the organization as there is no obligation to repay the invested funds. Unlike debt financing, where borrowed money must be repaid with interest, equity financing does not involve a fixed repayment schedule.
- ❖ **Profit-Sharing :** Equity investors are entitled to a share in the organization's profits. As partial owners, they receive dividends or distributions based on the company's profitability and dividend policy. The amount of profit-sharing is usually proportional to the investor's ownership stake.
- ❖ **Risk and Return :** Equity financing exposes investors to both the risks and rewards of the organization. If the company performs well, investors can benefit from capital appreciation and higher dividend payouts. However, they also bear the risk of potential losses if the organization underperforms or faces financial difficulties.
- ❖ **Dilution of Ownership :** As new equity is issued, existing shareholders' ownership stake in the organization may be diluted. This occurs when new shares are issued to investors, resulting in a reduction of individual ownership percentages. Dilution can affect the control and decision-making power of existing shareholders.
- ❖ **Potential for Capital Growth :** Equity financing offers the potential for capital growth as the organization expands and becomes more valuable. If the organization succeeds and its value increases, the value of the investors' ownership stake also rises. Investors can realize capital gains by selling their shares at a higher price than the initial investment.
- ❖ **Investor Involvement :** Equity investors often have the right to participate in important organizational decisions. They may have voting rights in shareholder meetings, allowing them to influence corporate policies, elect directors, and approve major strategic decisions.
- ❖ **Long-Term Commitment :** Equity financing involves a long-term commitment from investors, as they typically hold their shares for an extended period. This aligns the interests of investors with the long-term success and growth of the organization.

It's important to note that equity financing may not be suitable for all organizations or situations. It is often used by start-ups, high-growth companies, or those seeking substantial capital investments. Organizations considering equity financing should carefully evaluate the implications on ownership, control, and potential dilution, and seek professional advice to ensure alignment with their financial goals and strategies.

Debt Financing :

Debt financing is a method of raising capital for an organization by borrowing funds from external sources, such as banks, financial institutions, or private lenders. It involves a contractual obligation to repay the borrowed amount, along with interest, over a specified period. Here are the characteristics of debt financing:

- ❖ **Borrowed Funds :** Debt financing involves taking on borrowed funds from lenders. The organization receives a specific amount of money upfront and agrees to repay it over a predetermined period, typically in the form of regular instalments.
- ❖ **Repayment Obligation :** Unlike equity financing, debt financing requires the organization to repay the borrowed funds within a specific timeframe. This repayment includes both the principal amount borrowed and the interest charged by the lender.

- ❖ **Fixed Interest Rate :** Debt financing usually involves a fixed interest rate, which is determined at the time of borrowing. This allows the organization to know the exact amount of interest to be paid over the loan term, making it easier to plan and budget for the repayment.
- ❖ **Collateral or Security :** In many cases, lenders require collateral or security for debt financing. Collateral can be an asset, such as real estate, equipment, or inventory, which the lender can claim in the event of default. Collateral provides security for the lender and may result in lower interest rates or more favourable loan terms.
- ❖ **Debt Covenants :** Lenders may impose certain conditions or restrictions on the organization, known as debt covenants, to ensure the borrower's compliance with the loan agreement. Debt covenants can include financial ratios, limitations on new debt, restrictions on asset disposal, or requirements for maintaining a certain level of profitability.
- ❖ **Fixed Repayment Schedule :** Debt financing typically involves a fixed repayment schedule. The borrowed amount, along with interest, is repaid in regular instalments over the loan term. This allows the organization to plan its cash flow and budget accordingly.
- ❖ **Legal Obligations :** Debt financing involves a legal relationship between the borrower and the lender. The terms and conditions of the loan, including the repayment schedule, interest rate, and any associated fees or penalties, are documented in a formal loan agreement. Both parties are legally bound to fulfil their obligations as outlined in the agreement.
- ❖ **Interest Payments :** One of the primary characteristics of debt financing is the requirement to make regular interest payments to the lender. Interest is the cost of borrowing and represents the compensation for the use of funds. The interest payments are typically tax-deductible for the borrowing organization.
- ❖ **Limited Ownership Impact :** Unlike equity financing, debt financing does not dilute ownership or give lenders any ownership rights in the organization. The lenders are primarily concerned with repayment of the loan and do not have a direct stake in the organization's profits or decision-making.
- ❖ **Risk of Default :** Debt financing carries the risk of default if the organization fails to make timely repayments or violates the loan agreement's terms. Defaulting on debt obligations can lead to negative consequences, such as penalties, legal action, damage to credit rating, and potential seizure of collateral.

Debt financing can provide organizations with access to capital for various purposes, such as expansion, investment in assets, or funding operational needs. However, it's crucial for organizations to carefully evaluate their ability to meet debt obligations, including the interest and principal repayments, and consider the impact on their overall financial health and stability.

Grants and Donations :

Grants and donations are forms of financial support provided to organizations, typically nonprofits organizations or social enterprises, by external entities such as governments, foundations, corporations, and individuals. Here are the characteristics of grants and donations:

- ❖ **Non-Repayable :** Grants and donations are funds that do not need to be repaid by the recipient organization. They are given as financial assistance or support for specific projects, programs, or initiatives aligned with the donor's objectives or the organization's mission.

❖ **Purpose-Specific :** Grants and donations are often designated for specific purposes or projects. Donors may have specific areas of focus or priorities, and they provide funds to support activities that align with their interests or social objectives. The funds are typically granted for a defined period and purpose as outlined in the funding agreement.

❖ **Voluntary Contributions :** Grants and donations are voluntary contributions made by individuals, organizations, or institutions. They are not legally required but are given willingly to support the work of the recipient organization.

❖ **Philanthropic Intent :** Grants and donations are driven by philanthropic intent, which aims to promote the well-being of society, address social issues, or advance a particular cause. Donors may be motivated by a desire to make a positive impact, support charitable endeavors, or fulfill their corporate social responsibility objectives.

❖ **Source Diversity :** Grants and donations can come from various sources, including government agencies, foundations, corporations, and individual donors. This diversity of sources allows organizations to access funding from multiple avenues, increasing their financial resilience and expanding their opportunities for support.

❖ **Application and Evaluation Process :** Organizations typically need to go through an application and evaluation process to secure grants and donations. This may involve submitting proposals, outlining the project or program details, demonstrating alignment with the donor's objectives, and providing financial and operational information. The donor evaluates the proposals and selects recipients based on specific criteria.

❖ **Reporting and Accountability :** Recipient organizations are often required to provide periodic reports on the use of funds, project progress, and outcomes achieved. This ensures transparency and accountability in the utilization of the granted funds.

❖ **Relationship Building :** Grants and donations provide an opportunity for organizations to build relationships with donors. Successful partnerships and collaborations can lead to ongoing support, networking opportunities, and access to resources beyond financial assistance.

❖ **Impact and Recognition :** Grants and donations can contribute significantly to an organization's ability to achieve its mission and make a positive impact on the community or target beneficiaries. Organizations may receive recognition and visibility for their work, which can enhance their reputation and credibility.

It's important for organizations to effectively manage and steward grants and donations by ensuring proper fund utilization, maintaining donor relationships, and demonstrating the impact of the funds in line with the donor's expectations.

Internal Sources :

Internal sources of finance refer to the funds generated from within an organization to meet its financial needs. These sources are derived from the organization's internal operations and activities. Here are the characteristics of internal sources of finance:

❖ **Retained Earnings :** Retained earnings are the accumulated profits that an organization has retained and reinvested in the business over time. These earnings are generated from the organization's operations and are not distributed as dividends to shareholders. They can be utilized for funding new projects, expansion, research and development, or other capital requirements.

❖ **Depreciation :** Depreciation is an accounting method that allocates the cost of an asset over its useful life. While depreciation does not represent an actual cash outflow, it provides a source of internal financing by reducing taxable income. The amount of depreciation can be reinvested or utilized for financing capital expenditures or operational expenses.

❖ **Working Capital Management :** Effective management of working capital, such as optimizing inventory levels, controlling accounts receivable and accounts payable, and managing cash flow, can generate internal funds. By streamlining the organization's working capital cycle, the need for external financing can be reduced, and internal funds can be used to cover operational expenses or invest in growth opportunities.

❖ **Sale of Assets :** Organizations can generate internal funds by selling underutilized or non-core assets. This may include selling surplus equipment, real estate, or other assets that are no longer required for the organization's operations. The proceeds from these sales can be used to fund new projects, repay debts, or invest in strategic initiatives.

❖ **Cost Reduction and Efficiency Measures :** Implementing cost reduction and efficiency measures within the organization can lead to savings that can be internally reinvested. This may involve streamlining processes, reducing overhead expenses, optimizing resource allocation, or implementing technology solutions that improve operational efficiency.

❖ **Profitable Operations :** Generating consistent profits from the organization's core business activities provides an internal source of finance. When the organization's operations are profitable, it generates surplus funds that can be reinvested or used to fund growth initiatives.

❖ **Strategic Alliances and Joint Ventures :** Collaborating with other organizations through strategic alliances or joint ventures can provide access to additional resources and funding. By pooling resources and sharing costs with partner organizations, internal financing needs can be met more effectively.

❖ **Cost of Capital :** Internal sources of finance often have a lower cost of capital compared to external financing options such as debt or equity. Internal funds do not involve interest payments or dilution of ownership, resulting in cost savings for the organization.

Internal sources of finance offer several advantages, including greater control over funds, reduced dependency on external financing, and the ability to leverage the organization's own resources. However, the availability of internal funds may be limited, especially for smaller or early-stage organizations. Therefore, a balanced approach that considers both internal and external sources of finance is often necessary to meet the organization's financial needs.

Venture Capital :

Venture capital refers to a form of financing provided to early-stage or high-growth potential businesses by venture capital firms or individual investors known as venture capitalists. Here are the characteristics of venture capital:

❖ **Investment in High-Growth Companies :** Venture capital is typically directed towards startups or companies with significant growth potential. These companies may be in the early stages of development or have innovative ideas and products with the potential for rapid expansion.

❖ **Equity Investment :** Venture capitalists provide funding in exchange for an equity stake in the company. They become partial owners and share in the potential rewards and risks associated with the business. The amount of equity acquired by the venture capitalist is typically negotiated based on the company's valuation and the amount of funding required.

❖ **Long-Term Investment Horizon :** Venture capital investments are typically long-term in nature. Venture capitalists understand that start-ups and high-growth companies may take time to reach profitability and require substantial investments

before generating substantial returns. They are willing to wait for the company's growth and success over a period of several years.

❖ **Active Involvement :** Venture capitalists often play an active role in the companies they invest in. They provide strategic guidance, industry expertise, and networking opportunities to help the company grow and succeed. Venture capitalists may also have representation on the company's board of directors and actively participate in key decision-making processes.

❖ **Risk Capital :** Venture capital is considered risk capital, as investments are made in companies with uncertain prospects and high levels of risk. Start-ups and high-growth companies often face significant challenges and uncertainties, including market competition, technological disruptions, and operational hurdles. Venture capitalists understand and accept these risks in exchange for the potential for substantial returns on successful investments.

❖ **Exit Strategy :** Venture capitalists typically seek an exit strategy to realize their returns on investment. This can be achieved through an initial public offering (IPO) where the company's shares are offered to the public, acquisition by another company, or a merger. The exit strategy allows venture capitalists to sell their equity stake and generate profits.

❖ **Portfolio Approach :** Venture capitalists typically manage a portfolio of investments, spreading their risk across multiple companies. They invest in a range of start-ups or high-growth companies, recognizing that some investments may fail or underperform while others may generate significant returns. The portfolio approach helps to diversify risk and increase the potential for overall positive returns.

❖ **Scalability and Growth Focus :** Venture capitalists are particularly interested in companies with scalable business models and the potential for rapid growth. They seek businesses that can expand quickly and capture a significant market share in their industry.

❖ **Funding for Innovation :** Venture capital plays a crucial role in funding innovative and disruptive ideas that may not receive traditional financing from banks or other sources. It enables entrepreneurs to pursue ambitious projects, develop groundbreaking technologies, and create new markets.

It's important for entrepreneurs seeking venture capital to carefully assess their funding needs, understand the terms and conditions associated with the investment, and consider the potential implications of giving up partial ownership and control of their business.

Crowd funding :

Crowd funding is a method of raising funds from a large number of individuals, typically through online platforms or websites. It allows individuals or organizations to pitch their projects, initiatives, or ventures to a broad audience and receive small contributions or investments from many people. Here are the characteristics of crowd funding:

❖ **Online Platform :** Crowd funding takes place primarily through dedicated online platforms or websites that connect fundraisers with potential contributors. These platforms provide a space for fundraisers to showcase their projects, share information, and collect funds securely.

❖ **Broad Audience :** Crowd funding allows fundraisers to reach a wide audience beyond their immediate network. Anyone with access to the internet can discover and contribute to crowd funding campaigns, expanding the potential donor base.

❖ **Small Contributions :** Crowd funding relies on the accumulation of small contributions from many individuals. Contributors may pledge a small amount of

money that aligns with their interest in the project or their capacity to give. These small amounts add up to reach the funding goal.

❖ **Multiple Funding Models :** Crowd funding platforms offer various funding models, including donation-based crowd funding, reward-based crowd funding, equity crowd funding, and debt crowd funding. Each model has its own characteristics and implications for the contributors and fundraisers.

❖ **Project Validation :** Crowd funding serves as a validation mechanism for projects or ventures. It allows fundraisers to gauge public interest and support for their ideas before investing significant resources. Successful crowd funding campaigns can demonstrate market demand and attract further funding or investment.

❖ **Community Engagement :** Crowd funding encourages community engagement and participation. Contributors often feel a sense of ownership and connection to the projects they support. Fundraisers can leverage this engagement to build a community around their initiatives and cultivate long-term relationships.

❖ **Transparency and Accountability :** Crowd funding platforms typically require fundraisers to provide detailed information about their projects, goals, and expected outcomes. This promotes transparency and accountability, allowing contributors to make informed decisions about where to allocate their funds.

❖ **Incentives and Rewards :** Depending on the crowd funding model, fundraisers may offer incentives or rewards to contributors. These can range from simple acknowledgments or thank-you notes to exclusive access to products, services, or experiences related to the project.

❖ **Market Testing and Feedback :** Crowd funding campaigns can serve as a way to test the market demand for a product or idea. Feedback from contributors and early adopters can provide valuable insights for product refinement, marketing strategies, and future development.

❖ **Crowd sourcing :** Crowd funding often goes hand in hand with crowd sourcing, where fundraisers tap into the collective knowledge, skills, and resources of the crowd. Contributors may provide feedback, suggestions, or even contribute their expertise to enhance the project's success.

It's important to note that while crowd funding offers opportunities for fundraising and project validation, it also requires effective marketing, communication, and campaign management to attract and engage potential contributors.

Trade credit :

Trade credit refers to the arrangement in which a supplier allows a customer to purchase goods or services on credit with deferred payment terms. It is a form of short-term financing extended by suppliers to their customers. Here are the characteristics of trade credit:

❖ **Deferred Payment :** Trade credit allows customers to delay payment for goods or services received. Instead of paying cash upfront, customers are given a specified period, known as the credit period, within which they must settle the payment.

❖ **Supplier Relationship :** Trade credit is established between a supplier and a customer, based on an existing business relationship. Suppliers extend credit terms to customers they trust to fulfil their payment obligations on time.

❖ **Credit Terms :** Credit terms include the credit period, which specifies the number of days or months the customer has to pay the invoice, and any applicable discounts for early payment. For example, the terms might be "net 30," meaning the customer has 30 days to pay the invoice in full.

❖ **Cost of Trade Credit :** Suppliers may charge interest or fees for providing trade credit. This cost is usually factored into the purchase price or reflected in the payment

terms. The cost of trade credit can vary depending on the supplier's policies and the creditworthiness of the customer.

- ❖ **Cash Flow Management :** Trade credit can help customers manage their cash flow by allowing them to receive goods or services without an immediate outlay of cash. This can be particularly beneficial for businesses that experience timing differences between cash inflows and outflows.
- ❖ **Financing Option :** Trade credit serves as a form of short-term financing for customers. It allows them to acquire necessary inventory or supplies for their operations before generating sufficient cash to make payment. This can help bridge temporary cash flow gaps.
- ❖ **Relationship Building :** Trade credit can contribute to the development of long-term relationships between suppliers and customers. Establishing a reliable payment history and fulfilling payment obligations on time can enhance trust and lead to more favourable credit terms in the future.
- ❖ **Working Capital Management :** Trade credit is an important aspect of working capital management. It allows businesses to maintain optimal inventory levels, meet customer demand, and support day-to-day operations while preserving cash for other needs.
- ❖ **Supplier Control :** Suppliers retain some level of control over customers' purchasing and payment behavior through trade credit. They can adjust credit terms, impose credit limits, or withdraw credit privileges if the customer's payment performance is unsatisfactory.
- ❖ **Trade Credit Policies :** Suppliers may have specific policies and guidelines regarding the provision of trade credit. These policies can include credit checks, credit limits, and payment terms based on the customer's creditworthiness and business history.

Trade credit provides flexibility and convenience for customers to manage their cash flow and procure necessary goods or services. However, it's essential for customers to maintain a good payment record and effectively manage their trade credit obligations to preserve the supplier relationship and access future credit opportunities.

Leasing and Hire Purchase :

Leasing and hire purchase are two financial arrangements that allow organizations to acquire assets without making an upfront payment. Here are their characteristics:

Leasing :

- ❖ **Definition :** Leasing involves the use of an asset by an organization in exchange for regular lease payments to the owner or lessor of the asset.
- ❖ **Temporary Use :** The organization obtains the right to use the asset for a specific period, usually under a lease agreement. At the end of the lease term, the asset is returned to the lessor.
- ❖ **No Ownership Transfer :** The organization does not own the asset during the lease period. Ownership remains with the lessor.
- ❖ **Regular Payments :** The organization pays regular lease payments, typically monthly, to the lessor for the use of the asset. These payments may include a rental fee as well as maintenance and servicing costs.
- ❖ **Flexibility :** Leasing allows organizations to access assets without a large upfront investment. It provides flexibility to acquire assets on a short-term or long-term basis, depending on the organization's needs.
- ❖ **Asset Maintenance :** The lessor may be responsible for the maintenance and repair of the leased asset, reducing the burden on the organization.

❖ **Tax Implications :** Lease payments may be tax-deductible as operating expenses, providing potential tax benefits to the organization.
❖ **Renewal or Upgrade Options :** Leasing agreements may offer the option to renew the lease at the end of the term or upgrade to a newer asset, allowing the organization to keep up with technological advancements.

Hire Purchase :
➤ **Definition :** Hire purchase is a financing arrangement where the organization pays regular installments to acquire an asset over a specific period.
➤ **Ownership Transfer :** Unlike leasing, hire purchase allows the organization to own the asset at the end of the payment term. The ownership is transferred to the organization once all installments are paid.
➤ **Instalment Payments :** The organization makes regular installment payments, usually monthly, to the financing provider. These payments typically include principal and interest charges.
➤ **Ownership Benefits :** As the organization pays off the instalments, it gains equity in the asset and enjoys the benefits of ownership, such as asset appreciation and potential resale value.
➤ **Responsibility for Maintenance :** The organization is responsible for the maintenance, servicing, and insurance of the asset during the hire purchase period.
➤ **Commitment :** Hire purchase involves a long-term commitment as the organization must fulfil all instalment payments to acquire complete ownership of the asset.
➤ **Financial Implications :** The interest charged on hire purchase agreements affects the total cost of the asset. Organizations should carefully evaluate the interest rates and terms to assess the financial implications.

Both leasing and hire purchase provide organizations with the opportunity to access assets without significant upfront costs. The choice between the two options depends on factors such as the organization's financial situation, the intended duration of asset use, tax considerations, and the preference for ownership or flexibility.

Government Funding and Subsidies :
Government funding and subsidies refer to financial support provided by the government to organizations, businesses, or individuals to promote specific activities, sectors, or societal goals. Here are the characteristics of government funding and subsidies:
❖ **Financial Assistance :** Government funding and subsidies involve the provision of financial resources to support various initiatives, projects, or programs. The funds are typically allocated based on specific criteria and objectives set by the government.
❖ **Public Interest :** Government funding and subsidies are driven by the public interest and aim to address social, economic, or developmental needs of the society. They are often targeted towards areas such as education, healthcare, infrastructure, research, innovation, environmental protection, or regional development.
❖ **Sector-Specific :** Government funding and subsidies can be sector-specific, focusing on particular industries, sectors, or areas of national importance. For example, governments may provide funding for small and medium-sized enterprises (SMEs), agriculture, renewable energy, or technology innovation.
❖ **Eligibility Criteria :** Government funding and subsidies typically have specific eligibility criteria that organizations or individuals must meet to qualify for support. These criteria may include factors such as location, size, industry, purpose, performance, or social impact.
❖ **Application and Evaluation Process :** Organizations or individuals seeking government funding or subsidies usually need to go through an application and

evaluation process. This involves submitting proposals or applications, providing supporting documents, and undergoing assessment based on predetermined criteria.

- ❖ **Reporting and Accountability :** Recipients of government funding and subsidies are generally required to provide periodic reports on the utilization of funds, project progress, and outcomes achieved. Governments ensure accountability and transparency in the use of public funds.
- ❖ **Collaboration and Partnerships :** Government funding and subsidies often encourage collaboration and partnerships among organizations. This can foster cooperation, knowledge sharing, and collective impact in addressing societal challenges or achieving shared goals.
- ❖ **Long-Term Planning :** Government funding and subsidies often operate within long-term planning frameworks or national strategies. Governments set funding priorities aligned with their policy objectives and allocate resources accordingly, providing stability and predictability for organizations and projects.
- ❖ **Impact Assessment :** Governments may assess the impact and effectiveness of funded projects or programs to ensure that public funds are used efficiently and produce desired outcomes. This assessment helps inform future funding decisions and policy adjustments.
- ❖ **Economic Stimulus :** Government funding and subsidies can serve as an economic stimulus by supporting industries, creating jobs, and stimulating economic growth. They can provide incentives for investment, research and development, innovation, or market expansion.

Government funding and subsidies play a vital role in supporting organizations, promoting economic development, and addressing social challenges. They can provide financial resources, technical assistance, or access to infrastructure and resources that organizations may not have access to otherwise.

International Funding :

International funding refers to financial support provided by international institutions, organizations, or governments to countries, projects, or initiatives around the world. Here are the characteristics of international funding:

- ❖ **Global Scope :** International funding sources operate on a global scale and provide financial assistance to countries and organizations beyond national boundaries. They focus on addressing global challenges, promoting development, and supporting initiatives in various sectors.
- ❖ **Development Focus :** International funding is often directed towards development projects and programs aimed at improving the economic, social, and environmental conditions of recipient countries. It may target areas such as poverty alleviation, education, healthcare, infrastructure, agriculture, and sustainable development.
- ❖ **Multilateral and Bilateral Sources :** International funding can come from multilateral institutions, such as the World Bank, International Monetary Fund (IMF), United Nations agencies, regional development banks, and other global organizations. It can also be provided through bilateral agreements between countries, where one country provides financial assistance to another.
- ❖ **Concessional Financing :** International funding sources may offer concessional financing, which includes loans or grants provided on favourable terms. Concessional loans often have lower interest rates, longer repayment periods, and flexible conditions, particularly for low-income countries or projects with a developmental focus.
- ❖ **Technical Assistance :** International funding often includes technical assistance to support project implementation, capacity building, knowledge sharing, and

institutional strengthening. Technical assistance can involve expertise, training, advisory services, and policy guidance to help recipient countries or organizations achieve their development objectives.

❖ **Conditionality :** Some international funding sources may attach conditions or policy requirements to their financial assistance. Recipient countries may be required to implement specific reforms, adhere to governance standards, or meet certain criteria to receive and maintain the funding.

❖ **Collaboration and Coordination :** International funding sources encourage collaboration and coordination among stakeholders. They may foster partnerships between recipient countries, donor organizations, and other relevant actors to ensure effective implementation and maximize the impact of the funding.

❖ **Monitoring and Evaluation :** International funding sources often have monitoring and evaluation mechanisms in place to assess the progress, effectiveness, and impact of funded projects. They may require regular reporting and performance indicators to track the use of funds and measure outcomes.

❖ **Sustainable Development Goals (SDGs) :** Many international funding sources align their objectives with the United Nations' Sustainable Development Goals (SDGs). They prioritize funding projects that contribute to achieving these global development targets, including poverty eradication, environmental sustainability, gender equality, and inclusive economic growth.

❖ **Cross-Cultural Engagement :** International funding provides opportunities for cross-cultural engagement and learning. It facilitates the exchange of ideas, knowledge, and best practices among countries and organizations, fostering global cooperation and understanding.

It is essential for recipient countries or organizations to understand the specific criteria, eligibility requirements, application processes, and compliance procedures associated with international funding sources. Effective project design, alignment with development priorities, and strong partnerships can increase the likelihood of accessing and successfully utilizing international funding for sustainable development.

14.8 SUMMARY :

Sources of finance refer to the various ways in which organizations acquire funds to meet their financial needs and support their operations. These sources can be categorized into internal and external sources. Internal sources of finance include equity financing, where organizations raise funds by selling shares or ownership stakes in the company. Retained earnings, which are the profits accumulated and reinvested within the organization, also serve as an internal source of finance. Depreciation, the allocation of the cost of assets over their useful life, and working capital, the funds available for day-to-day operational expenses, are additional internal sources.
External sources of finance involve obtaining funds from outside the organization. Debt financing is a common external source, where organizations borrow funds from banks, financial institutions, or bondholders and repay the amount with interest over a specific period. Grants and donations are another external source, typically provided by governments, foundations, corporations, or individuals to support specific projects or programs. Loans and credit facilities from banks or financial institutions, venture capital and private equity investments, trade credit from suppliers, leasing and hire purchase arrangements, and crowd funding platforms are additional external sources of finance.

Selecting the appropriate sources of finance is crucial for organizations to meet their financial obligations, fund their operations, and support growth and development. It is essential to assess the organization's financial needs, evaluate the cost and availability of

different financing options, and consider factors such as interest rates, repayment terms, ownership implications, and the alignment of funding sources with the organization's goals and objectives.

Organizations should also consider a balanced approach to finance, diversifying their sources to mitigate risk and ensure financial stability. By utilizing a mix of internal and external sources of finance, organizations can effectively manage their funding requirements and support their long-term financial sustainability and success.

14.9 KEY WORDS :

1. Finance,
2. Sources,
3. Equity,
4. Subsidies,
5. Internal Finance,
6. Organisation

14.10 EXERCISE :

1. What is finance and explain characteristics of finance
2. Explain Guidelines for formulating financial budget of organisation.
3. Give an account on characteristics of financial budget and sources of finance
4. Describe characteristics of various sources of finance.

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LESSON - 15
THEMES AND METHODS OF RESOURCE MOBILIZATION

OBJECTIVES :

The objective of this lesson is to make the student understand the concepts of Resource Mobilization, Principles, Mechanisms and Resource providers.

CONTENTS :

15.1 DEFINITION :

Resource mobilization may be defined as :

A management process that involves identifying people who share the same values as your organization, and taking steps to manage that relationship. Looking closely at this definition, one can see that resource mobilization is actually a process that involves three integrated concepts: The key concepts are: organizational management and development, communicating and prospecting, and relationship building.

❖ This concept covers the following principles, elaborated throughout the practical guidebook:

❖ Resource mobilization is just a means to the end, the end being the fulfillment of the organization's vision;

❖ Resource mobilization is a team effort, and involves the institution's commitment to resource mobilization; acceptance for the need to raise resources; and institutionalizing resource mobilization priorities, policies and budget allocation;

❖ The responsibility for the resource mobilization effort is shared by the board, the president or the executive director, and the resource mobilization unit;

❖ An organization needs money in order to raise money; and

❖ There are no quick fixes in resource mobilization.

15.2 ELEMENTS OF RESOURCE MOBILIZATION :

Communicating and Prospecting :

Once an organization has achieved a certain readiness for resource mobilization, it must then take on another challenge: ensuring its long term sustainability by acquiring new donors and maintaining a sizeable constituency base. The art of resource mobilization entails learning how to connect with prospective donors in a manner and language they understand, and finding common ground through shared values and interests. It also entails discerning the

right prospect to approach, and matching the appropriate resource mobilization strategy to the prospect.

This concept is governed by two principles :
1. Resource mobilization is really FRIEND raising. Financial support comes as a result of a relationship, and not as the goal in and of itself.
2. People don't give money to causes, they give to PEOPLE with causes. People give to organizations to which they have personal affiliation, in some shape or form.

Relationship Building :

And thus the courtship begins: once you identify your donors, the objective then is to get closer to them, get to know them better, very much the same way as developing a casual acquaintance into a trusted friend and confidante. As the relationship deepens, this increases the chance of donors giving higher levels of support over time, intensifying commitment and enlarging investment. As cultivation techniques become more targeted and personal, a donor may become more involved in the organization.

Initiating new relationships, nurturing existing ones, and building an ever expanding network of committed partners is an ongoing activity, embedded as a core function of the organization. This requires the dedication of board members, staff and volunteers, and in order to build enduring relationships, the following principles should be remembered:
1. Donor cultivation means bringing the prospect to a closer relationship with the organization, increasing interest and involvement, and
2. Start at the bottom of the resource mobilization pyramid to get to the top.

15.3 STEPS IN RESOURCE MOBILIZATION PLANNING :

Basically resource mobilization involves the following steps:
- Reviewing the organizational strategic plan for a specific period of time;
- Listing out priority based programmes for the period;
- Determining resource mobilization targets which include amount and potential sources;
- Identifying constituencies and broadening stakeholders;
- Developing key messages and planning the networking strategies;
- Reviewing and selecting resource mobilization strategies from planning to implementation;
- Gearing up for resource mobilization namely the implementation.

Some of the importance resource mobilization include :
1. To diversify and expand resources.
2. Resource Mobilization helps to formulate an independent budget. To break the tradition of running the specific programs of any donor agencies only. To spend in the program of the Organization's liking.
3. To decrease dependency on others.
4. To save oneself/lessen the chance of becoming contractors of foreign donor agencies.
5. For sustainability of the Organization and program.
6. For maximum use of domestic capital and skills.
7. To expand deep relations with the stakeholder and community.
8. To clean the image of the Organization and expand relations.
9. To fulfill responsibilities towards the community.
10. To run programs based on the genuine needs of the community and to advocate for such programs.
11. To disseminate the good practices of the Organization.

12. To develop new thinking and challenge the old traditions.

13. To enhance the dignity of one's Organization.

15.4 PRINCIPLES OF RESOURCE MOBILIZATION :

Resource mobilization should be based on a robust situational analysis :

Most donor agencies welcome project proposals prepared based on situational analysis. Plans that are clearly focused on results, by definition include an estimation of the scope and scale of the required response, and of the resources needed to implement that response. One of the important components of the strategic plan, is the costing of the plan. A good plan therefore provides justification for allocating resources. Need assessment study will help to have a better understanding about the current scenario of any issue. Moreover, the situational analysis should also provide valuable information on different actors currently involved in supporting or implementing the project. The analysis should provide the information on the levels of funding available currently and over the next few years and therefore on the gaps that need to be filled. The annual and five year plans of some governments and bilateral agencies speak volumes about the need for long term planning. It is also helpful in funding proposals to demonstrate that the sector has already some allocated resources by the agency as this would indicate commitment and increases the chances of sustainability.

Example : The rescue and rehabilitation programmers during national calamities wherein a whole lot of people and agencies including the government get involved.

Build consensus and collaboration for resource mobilization :

The resource mobilization activities should be planned and carried out in collaboration with all the actors within a particular sector. Coordination within the sector will help to minimize overlaps in funding requests, and to ensure that requests are aligned to the sector plan. Coordination with the other stakeholders, particularly the concerned departments, will help to ensure that duplications are avoided. This is required to build cooperation with the donors

Example : The local fund raising campaigns of the Help age India especially from schools across the country.

Resource needs should be prioritized :

Although the ultimate aim is to ensure the availability of resources to meet the needs, the reality is that existing resources are insufficient, and that donors providing resources very often have preferences for funding certain types of intervention, or for funding work in certain geographic locations or those that target certain population groups. In addition, each funding source tends to have its own cycle or calendar, meaning that some resources are likely to become available sooner than others. In view of this it is necessary to prioritize resource needs, so that some gaps can be filled as a matter of urgency and the remainder as soon as opportunities arise.

Example : To meet experts towards certain unforeseen circumstances, ministries and agencies keep unassigned grants at the discretion of the head or the Executive Body of the Ministry or the funding agency. Very often donor agencies provide funds from such budgetary heads for emergency situations.

Resource mobilization activities should be meticulously planned : All the activities that are planned for the mobilization of resources have to be in accordance with the phases mentioned in the proposal and also the grant allotted by the donor agency. There is a need to be cautious about the deadlines of the funding agency. It therefore makes sense for the professional to make a resource mobilization plan well in advance so that one is certain about getting positive responses. It is also appropriate for NGOs to apply to different agencies so

that even if one agency is unable to provide support as proposed one can pursue with other donors for positive response.

Good relationships are the foundation for effective resource mobilization : Networking and collaboration are essential for building trust. Trust is essential for resource mobilization. Good personal relationships are just as important as strong professional relationships between organizations. Personalities matter. Government is strongest when it invites open collaboration. The core social work values of integrity, importance of human relationship, social justice and service are relevant to the principles of resource mobilization. Similarly the methods of networking and advocacy are the two associated methods for resource mobilization. Collaboration is part of networking which further enables resource mobilization. Collaboration helps organizations to solve common problems, overcome their differences and pursue the goals of their organizations. Credibility of the organization made evident through integrity and loyalty to the profession matters a lot in the process of seeking collaboration with the aim of seeking resources.

Transparency builds confidence for resource mobilization : Transparency serves three purposes: it deters violations of norms; it reassures actors that others are not misusing resources; and it may also reveal problems with the existing regime that actors have not recognized before. Transparency is fostered by consistent, timely, accurate and comprehensive reporting of activities by implementers. Some of the values of social work that make evident transparency in matters associated with the resource mobilization include, responsibility and commitment, loyalty to profession, integrity, service and hard work. Although most of methods of social work have linkage with resource mobilization, some of the prominent methods associated with transparency are advocacy, awareness campaign, group work, social work research, community organization and social welfare administration.

Publicizing successes is important for resource mobilization : Analyze and tell others about successes. Be generous in publicizing donor contributions. Packaging good news and success stories are important. Acknowledging and appreciating the donors is very important. The value of integrity, social justice and service before self enables an organization to be transparent by publicizing success stories of the organization. This practice would also contribute to the knowledge base of the profession and would motivate other agencies and professionals to adopt similar practices

Accountability brings credibility to resource mobilization : The increased level of interaction with donors of different kinds shows that donors demand accountability. Increasing the mobilization of resources from them requires increased accountability culture among recipients of donor funds. Integrity of the agency and its functionaries are very important to attract the attention of donor agencies. This is all the more important when corporate bodies and philanthropists are searching for agencies having credibility.

Maximizing use of resources : Within the context of strategic approaches to planning, mobilizing resources is as much about making better use of available resources as it is about mobilizing additional ones. Thus, stakeholder/actor interventions are duty bound to put to good use resources mobilized, which is envisaged to motivate current and potential donors/supporters to the cause. Regardless of local circumstances, if the local community values the work that an agency doing, it will find ways to support the efforts further. The most important thing is to recognize that there are many ways to sustain and improve the work without large financial contributions. The organization's future ultimately lies in the support and acceptance by the local community, and depends on the ability of the agency to develop creative ways for the community to facilitate the services provided.

15.5 VARIOUS TYPES OF MEANS/RESOURCES :

The various types of resources have been classified as below :

Money/Cash : Wealth/Cash is essential in order to run the existing programs, pay cost of goods and salary and to carry out new works. Wealth/Cash can be increased through various means like membership fees, grant received as per or without request, local fund, donations and various other sources such as NGO, INGO or external funding.

Technical Assistance/Cooperation : Every Organization will not have people essential for carrying out various types of activities, project and programs. Apart from that, every organization may not have the necessary fund to appoint essential efficient employees. Technical cooperation can be made by any Organization by providing the amount essential for appointing such efficient employees for a special project or the efficient employee helping for a fixed timeframe. Some organizations provide technical cooperation through trainings.

Human Resources : Every type of Organization will require people/personnel to ensure that the Organizational role and works are fulfilled. For essential human resources, the Organization will make different provisions. The Organization can appoint some permanent employees while the remaining appointments are made as per requirement. The permanent employees are taken as internal resources of the Organization while employees appointed for a specific time period are regarded as external resources. Many NGOs utilize dedicated and regular volunteer groups in order to fulfill the need of human resource.

Physical Goods : They are physical goods resources. For example, the Organization's activities or availability of the project are taken ahead together by the tools. It is essential for the Organization to spend on such goods in order to train on main activities of the project/organization. Examples of resources like office tools, furniture, training tools and raw goods, vehicles and other machines have been classified under the Physical Goods.

Free Service and Facilities : A non-profit-making Organization gives many physical goods, service and facilities only in minimum cost. As a result, provisions for free services in the Project/Organization should be made through community support. Apart from this, other Organizations provide the non-profit-making Organizations to use these facilities (eg., Computer, Telephone, Photocopy Machine and Internet) which is a form of free facility.
The kinds of resources could differ and change as per the various phases of the project.

For example, in the preliminary phases, active participation from all the organizations is essential for leadership and management of the organization. Maintenance service and resources to make it sustainable is essential. This condition or need has a big impact on the kind of human resource and accordingly on assisting tools and equipments. The NGOs should first develop a main strategy to decide on which level should resource mobilization focus on human resource or resource materials or financial resources. Because NGOs usually rely on external financial cooperation that controls the financial resource mobilization. But mobilizing volunteers and community resources is a strategy that will bring the NGO closer to the community-based families. During financial resource mobilization, the Organization will have to face two nearest/immediate decisions. One for the Organization to create its own financial sources. This will keep the Organization under control to a great extent and other will make it rely on external assistance.

15.6 MECHANISMS OF RESOURCE MOBILIZATION :

In order to mobilize resources, Organizations have to decide where and how should they invest their energy. Using or receiving all kinds of resources many not require the same type of conduct. The types and mechanisms of Resource Mobilization depend on the type and capacity of the Organization and nature of required resources.

❖ **Submitting grant proposals :** This mentions the response of the request of proposals made by various NGOs, Government, National and International Organizations.

❖ **Organizing special events :** These events are ways of receiving money which will be carried out by NGOs relating to the field or community. These occasions will be held in order to celebrate any special festival. The occasions may or may not be related to the programs.

❖ **Applying for donations :** This type of mechanism of Resource Mobilization requests for donation, fund handover or any precious things from various organizations like cottage industry, Trade and Individuals (both national and international) and private institutions.

❖ **Publishing the history of the Organization :** Publishing good practices and achievements which will have an impact on the Resource Provider. Resource Mobilization is a courageous work. Anyone will not provide resources easily. In this connection, it is said that instead of hoping for anyone giving you resources, you need to fully prepare yourself for receiving resources. Rather than thinking of getting resources by begging for it, resources can be received by selling your Organization's good practices, work, history etc.

❖ **Expanding relations :** There are some sayings in the Resource Mobilization sector, "Resource Mobilization is not only to receive resources but also receive friends." The more an Organization expands its relations there will be more resource mobilization. So, it is said that the Organization with a successful resource mobilization receives resources from friends than oneself.

❖ **Personal meetings :** Receiving resource is to receive a friend. Resource Mobilization, you have to hold personal meetings with friends and resource providers, invite them to social occasions and accept their invitation as well.

❖ **Membership Campaign :** Membership campaign is one important mechanism of Resource Mobilization. By increasing its membership, the organization can expand its relations with membership from people with different capacities, and can mobilize every resource with them for the mission of the organization.

❖ **Partnership :** Partnership is another mechanism of Resource Mobilization. Partnership will help exchange the resources between two or more organizations. Specially, if new or small organizations join hands with similar organizations there will be possibility of extensive mobilization of the resources at the local level and international resources.

❖ **By raising fees :** An Organization can raise fees by selling its technical skill, expertise to other organization, like becoming resource person of a training, raising fees from visitors to your Organization for the time given, and raising fees from individuals or organizations coming to your organization for research.

❖ **Internal Mobilization :** Those in possession of mediums like Hall, equipment (photocopy, telephone, fax) etc. can give them on rent and make appropriate use of the available resources. Similarly, many NGO sell their training package while some sell software package in cheap price to other NGOs.

1. **Producing audio visual materials :** Many NGOs have been carrying out Resource Mobilization by developing information, education and communications materials as per the requirements of other NGOs. Such Organization publish the report, guidelines, posters, leaflets and visual materials for other organizations.

2. **Self contribution :** The most effective tool of resource mobilization is self contribution. Before collecting resources from other organization, it would be good for every organization to start some work from self-contributions. An organization beginning with self-contribution can win the trust of the resource providers quickly.

3. **Details of contribution :** Presentation of the detail report of existing contributions (source) and its achievement would be a very effective mechanism of resource mobilization for NGOs mobilizing internal and external resources. NGOs working in a transparent manner with resource providers, targeted group and stakeholders can quickly win the trust of resource providers. NGOs without a detail report of their existing resources and not presenting cannot achieve much comparative success in resource mobilization. So, it would be regarded as an effective mechanism to present to the specified resource provider the details of contribution coming to or made by the NGO.

4. **Mobilization of local resource :** In the Nepali NGO culture, the tradition of mobilizing resources at the local level is negligible. Looking from the comparative point of view, almost all NGOs depend on external resource. But mobilization of local resources is one effective mechanism of Resource Mobilization. An organization that can extensively use local resources, its relations at the local level would be profound and transparent, as every organization has to be community based for external resource mobilization.

5. **Constitution of resource mobilization committee :** It would be appropriate for the organization to constitute resource mobilization committee for effective resource mobilization. Office-bearers, stakeholders with experience and expertise in the field should be selected while constituting the resource mobilization committee. By not limiting the resource mobilization committee to the office-bearers and employees of the organization only, skilled people from among the well-wishers, stakeholders and target community of the organization can also be considered. Likewise, renowned personalities at the local level and internationally renowned persons should also be involved in the committee. In this way, constitution of a mixed committee would help the NGO increase its access to resources of all kinds including internal, local and external. It would also help the organization to use the resource in a transparent and sustainable way. Such a committee will prepare a list of the possible resource providers, expand relations and increase access to resources. It will also monitor the right use of the available resources.

6. **Program based on the genuine needs of the community :** Even if the organization uses all the mechanisms none of the mechanism would be effective if the organization does not formulate and implement programs based on the genuine needs of the community. Likewise, NGO skilled in resource mobilization is found collecting necessary resources as per the changing circumstances of the community and by advocating on their issues. In this manner, identification of the genuine needs of the community and formulation and implementation of programs accordingly can be taken as a mechanism of resource mobilization, for which the community will become active for resource mobilization rather than the organization and the community will advocate for resource while the organization should also advocate for the real issues of the community.

7. **Advocacy :** Advocacy has been proved an important mechanism among the mechanisms of Resource Mobilization. A farsighted organization skilled in resource mobilization receives resources by advocating on the wish of the donor agencies and their issues of concern.

8. **Meeting with those having access to resources :** Whether formal or informal, a meeting is an important mechanism in the field of resource mobilization but all meetings may not be effective from the resource mobilization point of view if policy makers or those with access to resources are not present. So, a meeting for resource mobilization should also be held with people having access to resources or in the

decision making level like executive director, politician, corporation chief, district or department chief, heads of industry/factor and businesses.

9. **Formal tea party :** Personal contact and get-together is an effective mechanism of resource mobilization. The organization looking for resources can host special tea party (reception) for local and external resource providers on the occasion of a special event/festival of the place or country. Such occasions will be of a big help in expanding relations and contact. In such functions, the resource providers should be felicitated or provided small gifts from locally distinguished person. But if such functions are held frequently then their utility will gradually disappear.

10. **List of resource providers :** Institution/NGO requiring resource should prepare a list and address (directory) of the resource providers at the local, regional, national and international level and communicate accordingly. Directory is one proved mechanism of resource mobilization. After preparing the directory or finding an already-prepared directory, e-mail, internet, telephone, fax etc. should be used for formal or informal communication and information about them should be collected, time should be fixed for organizing meetings and exchange the publications of the organization.

11. **Case study and success stories :** Resource Mobilization is a skill to sell one's achievement and commitment towards the future. If the case study of the programs carried out by the organization is distributed to the possible resource provider, stakeholder and community, then the trust towards the organization will increase and also help publicize the organization.

12. **Use of Media :** The world today is a network of information and communications. Media persons and various media work to build this network. For resource mobilization every organization should take the support of the media for all its work including for its achievement, future plans and expansion of relations. In this connection, the NGO should work together with the media in reaching its issues, achievements and plans to the resource providers. There are many examples where the media has not only publicized but also advocated for various programs. Such advocacy from the media will increase the possibility of resource mobilization. So, every NGO should publicize their issues and achievements at the local, regional and national media and as far as possible use media as a friendly power to collect resources. Though the media may not provide cash resource, they can publish for free the case study, success stories, future plan, issues and reports. Apart from this, the media can help collected resources from the Government, stakeholders and donor agencies by repeatedly carrying the issues addressed by an NGO like "rehabilitation of freed kamaiyas".

13. **Enhancement of internal capacity :** Internal capacity building is one important mechanism of resource mobilization. As resource mobilization is a continuous process, it would not be appropriate for any organization to always depend on others for resource mobilization. For resource mobilization, the organization should enhance the capacity of its office-bearers. For appropriate use of available resources, it should also develop internal policy and regulations, committee, subcommittee and all equipments of management. In this context, essential capacity like skills of writing a proposal, expanding relations, auditing and formulating policy and regulations should also be developed internally.

14. **Provision of advisors and ambassadors :** For resource mobilization, people with access to resources or individuals with experience in the sector should be appointed as advisors or ambassadors. Such individuals will facilitate access to resources within and outside the country and help collect resources by advocating the organization. Such individuals may be individual with technical skills (like: proposal writing,

expanding of relations) in resource mobilization and also may be people renowned in the national and international level.

15. **Income Generation :** Among the various mechanisms of resource mobilization, income generation is also one important mechanism. Every organization should adopt every measures for income generation as per the its policy and regulations. Such schemes of local income generation would be sustainable and would to some extent help the organization to stop itself from becoming a parasite. For income generation, the NGO can carry out various activities. The list of some of the possible activities is given below:

❖ **Raising membership fees :** Raising membership fee may be helpful only in the initial stages when the organization does not have other means of financial support. Further, the constitution and by-laws of the NGO should specify such provisions.

❖ **Contribution of Employee :** Contribution by the employees cannot be prescribed as a regular source of income. Only in certain emergency situations of crises, employees may be requested to make some contribution.

❖ **Technical support fees :** Technical support fees can be changed only where the organization have availability of such expertise.

❖ **Equipment/machinery :** The NGO can make some income by renting its photocopy machine, Projector, phone, fax, internet, TV, camera, vehicle or other materials like chairs, table, utensils etc.

❖ **Training Hall (Space) :** NGO can also make income by renting its training hall, hostel etc to any other NGO or organization. Some certain percentage of such income should be allocated as renovation and maintenance expenses while the remaining can be spent for development of the organization.

❖ **Resource Centre :** Some NGOs can develop themselves as source training center and sell various trainings. Income can be generated from the participants of such training. For example, VDRC (Gaindakot).

❖ **Study/research Fees :** Some NGOs can charge fees to local and foreign students coming for a study in their respective area and also exchange information and expand relations for the study. Possible of such a study is more in indigenous, nationalities NGO and NGOs established in district where large national parks are located.

❖ **Transportation fees :** Some NGOs can purchase vehicles on the basis of geographical context and then rent it. Many NGOs rent such vehicles from big travel agencies while some work with vehicles agents in order to generate income.

❖ **Portrait/Video film :** Many NGOs purchase paintings from local artists and sell it with some profit. They can also develop video of their programs or development works carried out in the area and sell it within or outside the country.

❖ **Sale of Handicraft :** NGOs based in places where handicrafts are produced and sold can be found purchasing such items from the producers and selling it with some profit. In India many NGOs purchase the raw materials for handicraft and produce handicraft after providing training the target community.

❖ **Sale of raw materials :** Some NGOs coordinate with local government bodies and sell raw materials available in their sector and make income from it. For example: stones, sand, straw, wood/firewood. Likewise, there is a provision of allocating certain percentage for the NGO in the contract awarded by the local bodies.

❖ **Personal contribution :** NGOs can collect contributions at the local level from businessmen, traders, employees and people with the capacity of making some donations.

❖ **Other measures of income generation :** Many NGOs organize various cultural programs at the local/regional/national and international level and organize

exhibition/fair to sell their publications or sell them during other exhibitions. They organize different sports, raffles and generate income through various means.

Constitution of technical committee : Constitution of technical committee is also a strong mechanism of resource mobilization. Organizations can develop a committee of its technical employees based in the program, health, education, income generating, construction etc. and of other national and international technical staff and advocate and collect resource for such programs.

Expansion of donor agency : Expansion of donor agencies is one of the mechanisms of resource mobilization. Resource Mobilization does not only mean to collect resource from any donor for a long time but also to get resources from as many and diverse donors as possible. Resource Mobilization from various kinds of donors will decrease the financial risk. In course of expanding the donor agencies, relations should also be expanded with the local and national level donor agencies and private sector and other organizations. But while expanding the donor agencies, the organization should give equal priority to mobilizing its internal mechanism of resource mobilization.

Network building/participation : The world today relies on relations, contact and mutual support. Information and communications network has been established. In this context, organizations small or big established in any part of the world cannot isolate itself and if anyone tries to do so, it is almost impossible. Organizations and countries can help one another through such networks.
So one of the most important mechanisms of resource mobilization is to build network or participate in the already existing network and exchange information and resources.

Addressing the issue of transparency : Resource Mobilization is the strategic thinking of the organization which is carried out mostly at the executive level. As it is strategic thinking and plan of the organization it should not be looked at as a different or minor task. Resource mobilization is not only be limited to resource mobilization and use or management of received resources but is directly related to the organization's image and culture. The organization with a transparent, participatory and accountable style of working can expand its relations and contact quickly and everybody would like the activities of the organization. So maintaining transparency in the issues related to the organization is another important mechanism of resource mobilization.

15.7 RESOURCE PROVIDERS :

Resource providers refer to the different individuals/organizations that provide resources to any organization. There are many organizations, groups and individuals that provide resources to the NGOs. Some of the potential groups have been classified as follows:

Organizations/Institutions :
- ❖ These resource providers assist the organization's programs and as a motivator to the organization provide resource for the local development and development of the community. Because, many of these organizations are motivated to assist community based activities. Such organizations provide resources continuously for social development.
- ❖ These organizations are often affiliated to wider international networks. Nevertheless, these organizations try to influence the program as per their own wishes. The contributions from such organizations will be in the form of project assistance and resources or various tools.
- ❖ International Non-Government Organizations/Institutions (Donor Agencies)

❖ International NGOs provide assistance in the form of wealth. They provide assistance to the ongoing program or planning of other projects of the NGO through the bidding process or to the proposed project of the NGO individually or on a partnership basis.

National Governments : National Governments are responsible for essential services like health, education, transportation etc. So, they provide salary, treatment service, transportation and education. They provide grants for special services and are responsible to take approval of the development and policy of the outline of the programs and the working policy.

Businessmen/Organizations/Private sector : They provide assistance in the form of donations in the areas of their liking. It takes time to develop relations for this type of assistance and apart from this, the additional assistance is made from the business point of view. Like: What would they get in return of the assistance? Or how can they benefit from it?

Individual : Individuals may be the possible group of resource partners. They can mobilize assistance by mobilizing the assistance of friends, relatives, colleagues, by taking activities together ahead and by increasing advocacy. They can provide cash, volunteers, goods or services in the form of resources. But even if someone does it for the organization, it is expensive to building personal assistance on a big scale.

15.8 FACTORS THAT MOTIVATE RESOURCE PROVIDERS :

Some of the factors that motivate benefactors to make contribution include:

1. **Politics :** Receiving votes, spreading the ideology, making decisions for one's interest, asking to keep the name of the party, asking to construct statues of leaders, asking to appoint party cadres, enforce the party's program, publicizing the party, bringing divisions.

2. **Social :** To have one's name, protect image, for employment, for future of son/ daughter, or family, to expand relations with various personalities, to wipe out social anomaly, enhance pride, for genuine development, to support, to affect on education, utilize the unused resources.

3. **Financial :** To earn money, make profit, for job, employment, use illegal property, to evade tax, to get tax concessions, to receive interest.

4. **Business :** To evade tax, to get concessions, to make profit, to sell one's products, to earn interest, as a good citizen of the country, realizing one's duty, because there is not many profit.

5. **Religious :** To publicize the religion, to increase followers, to build temples/monasteries etc.

6. **Development :** Because of common thought on development, pity, love, to share experiences, utilize free time, to gain knowledge skills, with pure heart/spirit, to bring equality.

7. **Cultural :** To increase influence of one's culture, to influence on the food, style of working, to preserve good culture, to wipe out superstition etc.

15.9 SUMMARY :

Resource mobilization is considered to be an integral part of the helping process wherein the social worker has to mobilize the much needed resources for the betterment of the client/group/community. Resource mobilization involves helping the client with needed resources such as housing, clothing, food, furniture or financial support or healthcare (Hepworth, Rooney and Larson, 2002). Resource mobilization is acquisition of needed services, and it requires the knowledge of service networks. The various types of resources are Money/Cash, Technical Assistance/Cooperation, Human Resources, Physical Goods. It is important to note that all the resources that have to be mobilized is in accordance with the community participation. Resource mobilization process must follow certain steps and

categorization keeping in view the need of the agency and the targeted audience. There are certain challenges that are involved in resource mobilization. Linkages with some of the other methods of social work such as social work research, community organization, networking, social welfare administration and advocacy would be of great help for any successful campaign for resource mobilization.

15.10 KEYWORDS :

1. Resource Mobilization,
2. Human Resources,
3. Community organization,
4. Advocacy

15.11 EXERCISE :

1. Analyze the principles of Resource Mobilization?
2. Examine the concept of Resource Mobilization?
3. Explain the steps and methods of Resource Mobilization?

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LESSON – 16
CORPORATE SOCIAL RESPONSIBILITY: TRENDS AND ISSUES

OBJECTIVES :

The objective of this lesson is to make the student understand the concepts of corporate social responsibility, its trends and issues

CONTENTS :

16.1 INTRODUCTION :

Corporate Social Responsibility (CSR) refers to the ethical and responsible conduct of businesses towards society and the environment. It is a voluntary commitment by organizations to go beyond legal obligations and contribute to sustainable development, societal well-being, and environmental stewardship.

16.2 DEFINITIONS OF CORPORATE SOCIAL RESPONSIBILITY :

Corporate Social Responsibility (CSR) has been defined by various scholars, organizations, and experts over the years. Here are a few notable definitions of CSR:

1. **The World Business Council for Sustainable Development (WBCSD) :** "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."

2. **European Commission :** "Corporate Social Responsibility is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."

3. **Carroll's Pyramid of Corporate Social Responsibility :** Archie B. Carroll proposed a pyramid model that defines CSR in four levels: economic, legal, ethical, and philanthropic responsibilities. According to this model, CSR involves fulfilling these responsibilities, from basic economic obligations to voluntary philanthropic contributions.

4. **The United Nations Global Compact :** "Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders."

5. **Harvard Business School Professor Michael E. Porter and Mark R. Kramer :** They introduced the concept of "Creating Shared Value" (CSV), which emphasizes

that businesses can create economic value while simultaneously addressing societal needs and challenges. CSV suggests that companies should seek to align their business strategies with social and environmental goals.

6. **The International Organization for Standardization (ISO) :** ISO 26000 provides guidance on social responsibility and defines it as "the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that contributes to sustainable development, including health and the welfare of society."

These are just a few examples of the diverse definitions of corporate social responsibility. The understanding and interpretation of CSR may vary across industries, cultures, and stakeholders, reflecting the evolving nature of CSR as a concept.

16.3 DIMENSIONS OF CORPORATE SOCIAL RESPONSIBILITY :

CSR involves integrating social, environmental, and ethical concerns into business strategies, decision-making processes, and operations. It encompasses various dimensions, including:

❖ **Environmental Responsibility :** Organizations strive to minimize their negative impact on the environment by adopting sustainable practices, reducing greenhouse gas emissions, conserving resources, promoting recycling and waste reduction, and supporting environmental conservation initiatives.

❖ **Social Responsibility :** Organizations aim to address societal issues and contribute positively to communities. This can include initiatives such as supporting education and skill development programs, promoting diversity and inclusion, ensuring fair labor practices, respecting human rights, and engaging in philanthropic activities.

❖ **Economic Responsibility :** Organizations have a responsibility to create economic value and contribute to economic development. This involves operating ethically, creating job opportunities, fostering innovation, and promoting economic growth in the regions where they operate.

❖ **Stakeholder Engagement :** CSR emphasizes engaging and considering the interests and perspectives of stakeholders such as employees, customers, suppliers, local communities, and shareholders. Organizations seek to build mutually beneficial relationships, address stakeholder concerns, and promote transparency and accountability.

❖ **Ethical Practices :** CSR promotes ethical behavior and integrity in business operations. This includes adhering to legal and regulatory frameworks, practicing fair and ethical trade, ensuring product safety and quality, and maintaining responsible marketing and advertising practices.

Implementing CSR initiatives can benefit organizations in multiple ways, including enhanced reputation, increased customer loyalty, improved employee morale and productivity, reduced operational risks, access to new markets, and long-term sustainability.
It's important to note that CSR is a dynamic concept and can vary across organizations and industries. The specific CSR initiatives undertaken by organizations depend on their unique circumstances, stakeholder expectations, and industry-specific challenges.

16.4 THE NEED FOR CORPORATE SOCIAL RESPONSIBILITY :

The need for Corporate Social Responsibility (CSR) arises from various factors and considerations that highlight the importance of businesses taking responsibility for their impacts on society and the environment. Some key reasons for the need of CSR are:

❖ **Ethical Imperative :** Businesses have a moral obligation to act ethically and contribute to the well-being of society. As influential actors in society, organizations should operate in a manner that respects human rights, promotes fairness, and addresses social and environmental challenges.

❖ **Reputation and Stakeholder Expectations :** CSR is crucial for building and maintaining a positive reputation among stakeholders. Consumers, employees, investors, and communities increasingly expect businesses to operate responsibly and make a positive impact. Organizations that neglect CSR may face reputational risks, loss of trust, and potential backlash from stakeholders.

❖ **Risk Mitigation :** Integrating CSR practices helps organizations identify and mitigate potential risks. Environmental, social, and governance (ESG) factors can impact a company's financial performance and sustainability. By proactively managing these risks, organizations can enhance their resilience and long-term viability.

❖ **Competitive Advantage :** CSR can provide a competitive advantage by differentiating organizations in the market. Consumers are increasingly drawn to socially responsible brands, and employees seek purposeful work environments. CSR initiatives can attract and retain talent, enhance brand value, and foster customer loyalty.

❖ **Regulatory Compliance :** Governments and regulatory bodies are increasingly mandating CSR practices. Organizations need to comply with laws and regulations related to environmental protection, labor standards, human rights, and consumer safety. By embracing CSR, organizations can proactively meet these requirements and mitigate legal risks.

❖ **Addressing Societal Challenges :** CSR allows businesses to contribute to solving pressing societal challenges. By aligning their expertise, resources, and influence, organizations can address issues such as poverty, inequality, climate change, and community development. CSR initiatives can drive positive change and contribute to sustainable development goals.

❖ **Long-term Sustainability :** Embracing CSR can lead to long-term sustainability and business resilience. By considering environmental impacts, resource efficiency, and social factors, organizations can reduce costs, enhance operational efficiency, and anticipate changing market demands.

❖ **License to Operate :** In many industries, businesses require social acceptance and a "license to operate" from the communities and societies they operate in. Demonstrating a commitment to CSR helps build positive relationships with local communities, regulators, and other stakeholders, enabling smoother operations and partnerships.

By recognizing the need for CSR and integrating responsible practices, organizations can contribute to a more sustainable and inclusive society while benefiting their own long-term success.

Creating a good corporate social responsibility (CSR) :

Creating a good corporate social responsibility (CSR) environment requires a comprehensive approach that integrates CSR into the core values, culture, and operations of the organization. Here are some steps to help you establish a strong CSR environment:

❖ **Leadership Commitment :** Senior leadership plays a crucial role in driving CSR initiatives. It is important for top management to demonstrate a genuine commitment to CSR, establish clear goals, and allocate resources to support CSR activities.

❖ **Stakeholder Engagement :** Identify and engage with key stakeholders, including employees, customers, suppliers, local communities, and NGOs. Seek their input, understand their expectations, and involve them in decision-making processes related

to CSR initiatives. This promotes inclusivity and ensures that CSR efforts align with stakeholder needs.

❖ **CSR Strategy and Policy :** Develop a well-defined CSR strategy that aligns with the organization's mission, values, and business objectives. Establish a formal CSR policy that outlines the company's commitments, principles, and guidelines for CSR initiatives.

❖ **Integration into Business Processes :** Integrate CSR considerations into the organization's core business processes and decision-making. This includes incorporating CSR metrics into performance evaluations, product development, supply chain management, and risk assessments.

❖ **Ethical and Responsible Practices :** Emphasize ethical behaviour and responsible practices throughout the organization. This involves adhering to legal and regulatory requirements, promoting fair labour practices, ensuring workplace safety, and fostering diversity and inclusion.

❖ **Environmental Stewardship :** Implement environmental sustainability practices such as energy efficiency, waste reduction, water conservation, and adopting renewable energy sources. Set targets for reducing environmental impacts and regularly monitor and report on progress.

❖ **Employee Engagement and Volunteering :** Encourage employee engagement in CSR initiatives through volunteering programs, community service opportunities, and employee-driven projects. Foster a culture of social responsibility and provide platforms for employees to contribute their skills and expertise to social and environmental causes.

❖ **Transparency and Reporting :** Maintain transparency in CSR activities by regularly reporting on progress, goals, and impacts. Develop a robust reporting framework that includes key performance indicators (KPIs) and metrics to track and communicate the organization's CSR performance to stakeholders.

❖ **Partnerships and Collaborations :** Seek partnerships and collaborations with relevant stakeholders, including NGOs, government agencies, and industry associations. Collaborations can enhance the effectiveness and reach of CSR initiatives and allow for shared knowledge and resources.

❖ **Continuous Improvement :** Continuously review and evaluate CSR initiatives to identify areas for improvement. Monitor industry trends, emerging social and environmental issues, and stakeholder expectations to adapt and refine CSR strategies over time.

Remember that creating a good CSR environment is an ongoing process that requires dedication, commitment, and regular evaluation. It is essential to align CSR efforts with the organization's values, engage stakeholders, and integrate CSR into the core fabric of the business.

16.5 FEATURES OF CORPORATE SOCIAL RESPONSIBILITY :

Corporate Social Responsibility (CSR) encompasses a range of features and principles that guide the behaviour and actions of companies towards social and environmental concerns. Here are some key features of corporate social responsibility:

❖ **Voluntary Commitment :** CSR is a voluntary initiative undertaken by companies to go beyond legal obligations and proactively address societal and environmental issues. It reflects a company's willingness to take responsibility for its impact on society.

❖ **Stakeholder Orientation :** CSR recognizes that companies have multiple stakeholders, including employees, customers, suppliers, communities, and the

environment. It involves considering the interests and needs of these stakeholders and engaging with them in decision-making processes.

❖ **Ethical Conduct :** CSR emphasizes ethical behavior and integrity in business practices. It involves adhering to moral principles, such as honesty, fairness, and respect for human rights, in all aspects of a company's operations.

❖ **Sustainable Business Practices :** CSR promotes sustainable business practices that minimize negative environmental impacts and contribute to the long-term well-being of society. This includes efforts to reduce carbon emissions, conserve natural resources, promote recycling and waste reduction, and support renewable energy.

❖ **Philanthropy and Community Engagement :** CSR often includes philanthropic initiatives and community engagement efforts. Companies may donate funds, resources, or expertise to support social causes, charities, educational programs, healthcare initiatives, and community development projects.

❖ **Responsible Supply Chain :** CSR recognizes the importance of ensuring responsible practices throughout the supply chain. This includes promoting fair labor standards, ensuring the safety and well-being of workers, avoiding the use of child labor or forced labor, and promoting diversity and inclusion.

❖ **Transparency and Accountability :** CSR involves transparent reporting on a company's social and environmental performance. It includes disclosing relevant information about CSR initiatives, goals, progress, and impacts. Accountability involves setting measurable targets, monitoring performance, and being open to external scrutiny.

❖ **Long-term Value Creation :** CSR recognizes that sustainable business practices and responsible behaviour can contribute to long-term value creation. It involves integrating social and environmental considerations into business strategies and decision-making processes, with the aim of balancing financial performance with societal and environmental benefits.

It's important to note that the specific features and approaches to CSR may vary across companies and industries. Different organizations may prioritize certain aspects of CSR based on their values, industry context, and stakeholder expectations.

16.6 CURRENT TRENDS AND PRACTICES OF CSR IN INDIA :

Prior to Companies Act 2013, CSR clause was voluntary for companies, they were however required to disclose their CSR spending to their shareholders. After the amendment to Companies Act 2013, made in April 2014, India became the first country in the world to make CSR mandatory.

Some of the emerging trends that the CSR in India is expected to witness are: (Sharma and Gupta, 2019)

i. NGOs Will Adapt and Get Better at Working with the New Type of Funders Corporates : Traditionally, the NGOs have been collaborating with government agencies and the international aid agencies. However, in recent years NGOs have found new collaborators in the large Indian companies and multinational corporations. There is an increasing trend of MNCs partnering with the NGOs to execute their social responsibility initiatives in areas like education, sanitation, sustainability, health, water etc. This partnership with corporates has better equipped the NGOs not just in terms of higher funds but also with the required technological and intellectual resources required in implementing the projects. The role of NGOs has become more focused on aspects like impact, deliverables, adhering to timelines, doing diligent reporting etc. Now the focus is more on measurable outcomes.

    ii. **Corporates Will Start Thinking of CSR as Another Pillar of Their Corporate Strategy, Instead of as Philanthropy :** Sustainability issues and social responsibility have become a key consideration for business leaders and decision-makers in the corporate sector, in the last couple of years. Companies these days think of CSR as an integral part of their managerial process, decision making and overall strategy with an aim to position themselves not just as philanthropic but also as socially responsible organizations. Companies view CSR as an investment to build sustainable societies which have a significant positive impact on the societies. Companies have seen a shift from having a separate CSR strategy to having a corporate strategy which incorporates CSR.

    iii. **More Companies Will Comply and Engage in Long-term Partnerships with NGOs :** NGOs have the expertise and experience in working in a variety of development sectors like environment, education, health, gender issues etc. Each of these sectors is different from the other and needs a different approach to deal with its set of challenges and issues. Also, measurable impacts of various interventions take a long time to achieve. With companies having very little or no knowledge of working in the development sector, they seek to engage in long term collaborations with NGOs to be able to make a greater on-ground impact.

    iv. **For-Profit Social Ventures Will Emerge as a Major Force of Social Good :** Other than the non-profit organizations working in the social sector, there are several for-profit ventures that have emerged in the past few years that are tackling social issues through innovative products and services. One such example is of women entrepreneurs manufacturing low cost sanitary napkins which are made accessible to semi-rural and urban areas. For-profit ventures are also equipped with better managerial and technical skills needed to address some major issues in the social sector. They are also helping corporate sector to build effective organizational and governance models.

    v. **Technology and Innovation Will Play a Major Role in Addressing Structural Issues in the Social Sector and Building NGOs' Organizational Capabilities :** Technology has proven to be useful to both social sector as well as the corporates. Technology has helped the social sector to move away from the traditional mode of operating to a more efficient and transparent way by digitizing and automating workflows and streamlining the way the organizations interact with each other. Technology can also help corporate to assess the consistency between the ethical value the company endorses and their actions supporting the same by collating, accessing and analysing relevant data.

CSR INITIATIVES OF INDIAN COMPANIES :

Some of the CSR initiatives of Indian companies are listed below:

Tata Chemicals Ltd : Tata Chemicals Ltd. has spent 25.68 cores for CSR in 2018-2019 which was much higher than the prescribed amount of 19.86 cores. Improving the quality of life and fostering sustainable and integrated development in the communities where it operates is central to Tata Chemicals' corporate philosophy. In order to do so Tata Chemicals established Tata Chemicals Society for Rural Development (TCSRD) in 1980 as a society and trust. It lays emphasis on the spirit of participatory development by involving the beneficiaries at each stage of the development process which ensures viability and sustainability of the programmes (Fernandes, 2019). Around 30 percent of the TCSRD funds are spent of wildlife conservation. The amount is distributed over three places the company operates - Mithapur in Gujarat, Haldia in West Bengal and Babrala in Uttar Pradesh.

Infosys Ltd : Infosys Limited had established the Infosys foundation in 1996 to implement its social development projects. During 2019, the company had spent INR 342 crores against the prescribed 340 crores towards various CSR schemes. The major works of the Foundation included the introduction of Aarohan Social Innovation Awards, restoration of water bodies in Karnataka, supporting the construction of a metro station in partnership with Bangalore Metro Rail Corporation Limited, enabling the pursuit of access and excellence in sports through the GoSports Foundation, and relief efforts in Tamil Nadu, Karnataka, and Kerala (Fernandes, 2019).

Bharat Petroleum Corporation Ltd : BPCL as a part of its CSR initiatives, focuses on imparting holistic education by facilitating usage of technology and infrastructural facilities. Additionally, BPCL's CSR philosophy also includes participation in projects of national importance like the Swachh Bharat Abhiyan involving creation and maintenance of toilets, associated sanitation facilities, waste management initiatives leading to overall Perspective in Indian Context health and hygiene for the communities.

Mahindra & Mahindra Ltd : Among the various development programmes supported by Mahindra and Mahindra Ltd. are Nanhi Kali programme to provide educational support to underprivileged girls in India. It sponsors Lifeline Express (hospital on train) to provide medical care, treatment, and surgical intervention to individuals. Through Mahindra Hariyali 0.95 million trees were planted which contributed to improving green cover and protecting bio-diversity in the country.

Vedanta Ltd : The CSR portfolio of Vedanta Ltd. has diverse projects based on 10 broad thematic areas running across various locations. The Nandghar project is the flagship initiative which aims at rebuilding Anganwadis to ensure health and learning of children in rural areas and for skilling and empowering women.

Indian Oil Corporation Ltd : Indian Oil Co. Ltd. has been involved in various social development activities across the nation. Most of these projects are for improving the quality of life of the marginalized and underprivileged sections of the society. The key thrust areas of the company include Safe drinking water and protection of water resources, Healthcare and sanitation, Education and employment-enhancing vocational skills, Empowerment of women and socially/economically backward groups.

Hindustan Unilever Ltd : Hindustan Unilever Limited (HUL), believes in long term sustainable growth achieved by reducing environmental footprints and increasing its positive social impact. The various CSR programmes of the company include Handwashing Behaviour Change Programme, Plastic Waste Management, Project Prabhat, Water Conservation Project, Swachh Aadat Swachh Bharat, Project Shakti, Domex Toilet Academy, Asha Daan, Sanjeevani and Supporting Healthcare.

16.7 ISSUES IN CORPORATE SOCIAL RESPONSIBILITY :

Corporate Social Responsibility (CSR) initiatives are not without their challenges and complexities. Some of the key issues and challenges in corporate social responsibility include:

- ❖ **Lack of Alignment and Integration :** One common challenge is the lack of alignment and integration of CSR initiatives with the core business strategy of the organization. If CSR efforts are not integrated into the company's operations and decision-making processes, they may be viewed as separate or peripheral activities rather than essential components of business strategy.
- ❖ **Measurement and Evaluation :** Measuring and evaluating the impact and effectiveness of CSR initiatives can be challenging. It can be difficult to establish

clear metrics and indicators that capture the social and environmental outcomes of CSR activities. The lack of standardized measurement frameworks and the complexity of measuring intangible impacts make it challenging to assess the true value of CSR efforts.

❖ **Greenwashing and Ethical Concerns :** Greenwashing refers to the practice of companies presenting a false or exaggerated image of their environmental or social responsibility. Some organizations engage in superficial CSR activities or use misleading marketing tactics to portray themselves as socially responsible without making substantial changes in their practices. This raises ethical concerns and undermines the credibility of CSR initiatives.

❖ **Stakeholder Engagement and Expectations :** Engaging and managing the expectations of diverse stakeholders can be challenging. Stakeholders may have varying perspectives, interests, and demands, making it difficult to prioritize and address their concerns effectively. Balancing the interests of different stakeholder groups and maintaining transparent and constructive communication is essential for successful CSR engagement.

❖ **Resource Constraints :** Implementing comprehensive CSR initiatives often requires significant financial and human resources. Small and medium-sized enterprises (SMEs) or organizations with limited resources may face challenges in allocating sufficient resources for CSR activities. This can hinder the ability to implement and sustain impactful CSR initiatives.

❖ **Global Supply Chain Complexity :** Many companies operate within complex global supply chains, which can present challenges in ensuring responsible and ethical practices throughout the entire supply chain. Managing suppliers, monitoring compliance, and addressing labor rights, environmental impacts, and human rights issues across different countries and cultures can be demanding.

❖ **Changing Regulatory Landscape :** The regulatory landscape for CSR is evolving, with increased expectations for companies to demonstrate responsible business practices. Keeping up with changing regulations, compliance requirements, and reporting standards can be demanding for organizations, particularly those operating across multiple jurisdictions.

Addressing these challenges requires proactive management, strategic planning, stakeholder engagement, and continuous improvement. Organizations must strive for transparency, accountability, and ethical conduct to ensure the effectiveness and credibility of their CSR initiatives.

Issues of Corporate Social Responsibility (CSR) in India

Corporate Social Responsibility (CSR) in India faces several unique challenges and issues. Some of the key issues specific to CSR in India include:

➢ **Legal Mandate and Compliance :** The introduction of the Companies Act, 2013 in India made it mandatory for certain companies to spend a specified percentage of their profits on CSR activities. While this has encouraged CSR engagement, ensuring compliance and proper utilization of funds remains a challenge for companies.

➢ **Lack of Awareness and Capacity :** Many companies, particularly small and medium-sized enterprises (SMEs), have limited awareness and understanding of CSR concepts and best practices. Building awareness and enhancing the capacity of companies, especially those in rural and remote areas, to implement effective CSR initiatives is crucial.

➢ **Focus on Compliance over Impact :** With the legal mandate, some companies primarily focus on fulfilling compliance requirements rather than strategically addressing social and environmental issues. This can result in a tick-box approach,

where the focus is on meeting spending targets rather than creating meaningful and sustainable impact.

➢ **Inadequate Monitoring and Evaluation :** Monitoring and evaluating the impact of CSR initiatives is essential to ensure accountability and continuous improvement. However, there is often a lack of robust monitoring and evaluation mechanisms to assess the effectiveness and outcomes of CSR projects in India.

➢ **Stakeholder Engagement and Localization :** Engaging with diverse stakeholders, particularly marginalized communities and local stakeholders, is critical for the success of CSR initiatives. However, challenges exist in effectively engaging and involving stakeholders, understanding their unique needs and aspirations, and ensuring that CSR activities are locally relevant and inclusive.

➢ **Focus on Philanthropy vs. Strategic Social Investments :** There is a tendency among some companies to view CSR as philanthropy or charitable giving rather than strategic social investments. Shifting the mindset from charity to sustainable development and addressing systemic issues can help drive more impactful and long-term change.

➢ **Balancing National Priorities and Local Needs :** India is a diverse country with regional disparities and varying socio-economic challenges. Balancing national-level priorities with localized needs and tailoring CSR initiatives accordingly can be complex. Companies need to take into account the specific context, needs, and cultural sensitivities of different regions and communities.

➢ **Reporting and Transparency :** Transparent reporting and disclosure of CSR activities and impacts are crucial for building trust and accountability. However, some companies face challenges in effectively communicating their CSR efforts and outcomes to stakeholders due to limited reporting frameworks and standardized guidelines.

Addressing these issues requires collaboration among stakeholders, including government, industry associations, civil society organizations, and communities. It involves promoting awareness, capacity building, strengthening monitoring and evaluation mechanisms, and fostering a strategic and impact-driven approach to CSR in India.

Addressing CSR challenges :

Facing the issues of corporate social responsibility (CSR) requires a proactive and strategic approach. Here are some steps that organizations can take to address and overcome CSR challenges:

➢ **Leadership Commitment :** Ensure that senior leadership is committed to CSR and integrates it into the organization's vision and values. Leadership support is crucial in driving change and creating a culture of responsibility.

➢ **Stakeholder Engagement :** Engage with key stakeholders, including employees, customers, communities, NGOs, and regulatory bodies. Understand their perspectives, needs, and expectations regarding CSR and involve them in decision-making processes. Regular communication and dialogue help build trust and align CSR initiatives with stakeholder interests.

➢ **Robust Strategy and Policy :** Develop a comprehensive CSR strategy that aligns with the organization's values, goals, and core business activities. Establish clear policies and guidelines that guide CSR initiatives and provide a framework for decision-making and implementation.

➢ **Impact Measurement and Reporting :** Implement robust monitoring and evaluation mechanisms to measure the impact and outcomes of CSR initiatives. Define key performance indicators (KPIs) and regularly assess progress against targets.

Transparently report on CSR activities, outcomes, and challenges to stakeholders, demonstrating accountability and continuous improvement.

➢ **Collaboration and Partnerships :** Collaborate with external stakeholders, such as NGOs, industry associations, and government agencies, to leverage expertise, resources, and networks. Partnerships can enhance the effectiveness and reach of CSR initiatives and enable shared learning and innovation.

➢ **Employee Engagement :** Foster employee engagement and ownership in CSR initiatives. Encourage employees to contribute their skills, ideas, and time to CSR projects through volunteering programs, employee-driven initiatives, and skill-based pro bono work. Employees who are engaged in CSR tend to be more motivated and committed to the organization's social and environmental goals.

➢ **Training and Capacity Building :** Invest in training and capacity building programs to enhance the understanding of CSR among employees and managers. Provide resources and support to build the necessary skills and knowledge to address CSR challenges effectively.

➢ **Continuous Learning and Adaptation :** Stay updated on emerging CSR trends, best practices, and regulatory changes. Learn from industry peers, benchmark against leading organizations, and adapt CSR strategies to address new challenges and opportunities.

➢ **Ethical Supply Chain Management :** Ensure responsible and ethical practices throughout the supply chain. Implement due diligence processes, engage suppliers on CSR expectations, and monitor compliance with social and environmental standards.

➢ **Advocacy and Thought Leadership :** Actively engage in CSR advocacy and thought leadership to influence policy, promote sustainable practices, and drive systemic change. Participate in industry forums, share best practices, and contribute to the development of CSR standards and frameworks.

By adopting these strategies, organizations can proactively address CSR challenges, enhance their social and environmental impact, and contribute to sustainable development. It is essential to view CSR as an ongoing journey, continuously learning, adapting, and striving for improvement.

16.8 SUMMARY :

Corporate Social Responsibility (CSR) is a concept that emphasizes the responsibility of businesses to contribute to societal well-being and sustainable development. It involves integrating social and environmental concerns into business operations and interactions with stakeholders. The key features of CSR include ethical behaviour, respect for human rights, environmental stewardship, and philanthropic contributions.

CSR initiatives can encompass a wide range of activities such as environmental sustainability, employee well-being, community development, and responsible supply chain management.

There are various definitions and perspectives on CSR, reflecting the evolving nature of the concept. Scholars, organizations, and experts emphasize the importance of aligning CSR with business strategy, engaging stakeholders, measuring impact, and fostering transparency and accountability. While CSR brings numerous benefits, including enhanced reputation, stakeholder trust, and long-term business sustainability, it also faces challenges. Issues such as compliance, lack of awareness, balancing national and local priorities, and ensuring meaningful impact require attention.

Companies need to go beyond compliance and adopt a strategic approach to CSR, integrating it into their core business practices and decision-making processes.

By actively engaging with stakeholders, addressing societal needs, and promoting sustainable development, organizations can contribute to a more inclusive, responsible, and sustainable future. In summary, CSR is about businesses recognizing their role and responsibility in society, going beyond profit-making to actively contribute to social, environmental, and economic well-being.

It is a dynamic and evolving concept that encourages organizations to make positive contributions and create shared value for all stakeholders.

16.9 KEY WORDS :

1. Corporate social responsibility,

2. Issues,

3. Features,

4. Need,

5. Stakeholders,

6. Environment.

16.10 EXERCISE :

1. Define corporate social responsibility and give its features

2. Explain dimensions of Corporate Social Responsibility and it's need.

3. Give an account on current trends and practices of CSR in India.

4. What are the issues in Corporate Social Responsibility?

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Prof. K. Dhanalakshmi

PROJECT MANAGEMENT: ELEMENTS OF PROJECT PLANNING

OBJECTIVES :

This unit deals with concept and elements of project management; describe various steps of project management cycle; explain various project management techniques; and discuss different pre-requisites of effective project management.

CONTENTS :

17.1 INTRODUCTION :

Project Management is a specialized functional discipline that has carved out its own place in Management practice, education and literature. We shall briefly address ourselves to two questions in order to arrive at a firsthand understanding of what is Project Management. These two questions are:

(a) What is Management'?

   and

(b) What is a Project?

Management is an age old function. It is as old as the history of human civilization. Whenever more than one individual join together to form a group and strive to achieve some common purpose or objective, there arises a necessity to co-ordinate the efforts of individual members of the group so that the individual contributions add up to the largest total contribution possible. Symbolically, it is very similar to pulling a very big weight by a number of persons, the sum total of the force or pull that is exerted on the weight is a function of the individual forces as well as the directions in which each individual force is applied, relative to all other forces. If all the forces are applied in the same direction, the total force simply adds up. However, as soon as there is a slight deviation in the direction between the two individual forces, the resultant force is less than the sum of the two forces. The more diverse the directions of these forces are, the more are the loses. In an extreme situation, if the forces are applied in opposite directions, the resultant force is the difference of the two forces.

In large organizations where hundreds or thousands of individuals are employed, coordinating the efforts of various individuals towards the fulfilment of the organization's goal its, in a sense, the function of the management. Even the animal world displays coordinated efforts like the ants, honey-bees, etc. Therefore, management as a function, has existed, all along and has flourished in several human organizations, like the army, the church, the missionary institutions, the government of a country and so on. However, management, as a special discipline of study, has come into the fore with the advent of the industrial revolution. Let's now turn to projects. The word "Project" conjures up a picture of something special, something which is different from routine and regular activities. For example, writing this chapter of this book is a project for your author. He has dealt with this subject over a number of years, but still then, writing this chapter is a special `task' which he has undertaken. Other examples of a project could be: building a house, organizing a seminar, designing a new product in the market, shifting to a new location etc.

17.2 PROJECT MANAGEMENT CONCEPT :

Project management is an important concept and topic because now a days all organizations either big or small are involved in the implementation of various projects. Lewis has opined that although management of projects has been going on for thousands of years, the practice has been widely recognized as a discipline in its own rights for only about ten years. Before going to explain project management, it is essential to known, what is a project? A project is generally described as an initiative to bring about change. This is done in order to achieve specific objectives, within a timescale and in a given context. A project has normally an allocated budget. According to Project Management Institute "A project is any undertaking with a defined objective by which completion is identified. In practice most projects depend on finite or limited resources by which the objectives are to be accomplished."

Viv Martin listed out following attributes of a project:

1. has a clear purpose that can be achieved in a limited time;
2. has a clear end when the outcome has been achieved;
3. is resourced to achieve specific outcomes;
4. has someone acting as sponsor who expects the outcomes to be delivered on time; and
5. is a one-off activity that would not normally be repeated.

Project Management has been evolved one of the important areas in the area of urban development. According to Richard Newton (2008), project management has been developed over the past few decades as it has become apparent that without a structured approach, people are not very good at completing projects successfully. The principal aim of project management is to see that projects are well formulated, effectively implemented; completed in time and end result is achieved. The project management is largely encircled in four important factors i.e cost, time, scope and quality. According to PMBOK "project management is application of knowledge, skills, tools and techniques to project activities to achieve project requirements. Project management is accomplished through the application and integration of the project management processes of initiating, planning, executing, monitoring, controlling and closing."

Project Management : Project management is the discipline of planning, organizing, securing and managing resources to bring about the successful completion of specific project goals and objectives (Thapa, 2011). Project Management helps to minimize the risks and come out from the project constraints. Typical constraints are scope, time, and budget; hence project management is nothing but coordinating these constraints in a systematic way. After

getting clear understanding of the concept of project management, now lets us discuss about the different components of project management.

17.2.1 Components of Project Management :

- Project management consists of following components.
- Fund raising and budgeting
- Staff recruitment and development
- Management Information System, Public Relations
- Reporting and Documentation: monthly reports; annual reports; project reports; brochures, newsletters

17.2.2 Fund Raising : Any project sustains on the funds; without funding it becomes difficult for the organisations to implement the projects. Fundraising is the process of soliciting and gathering contributions as money or other resources by requesting donations from individuals, businesses, charitable foundations, or governmental agencies. Sometimes it is also used to refer to the identification and solicitation of investors or other sources of capital for -profit enterprises. Traditionally, fundraising consisted mostly of asking for donations on the street or at people's doors in the form of face-to-face fundraising. Now there are new forms of fundraising such as online fundraising & professional fundraisers (on commission basis). Fundraising is a significant way that non-profit organizations may obtain the money for their operations. e.g. student scholarship merit awards for athletic or academic achievement, humanitarian concerns, disaster relief, human rights, research, and other social issues. In most of the organisations separate unit is establish to raise the funds for their organisation. They may employ a staff person whose main responsibility is fund raising. This person is paid a salary like any other employee, and is usually a part of the top management staff of the organization.

i. **Types of Fund Raising :**
- Annual funding from a financial endowment, which is a sum of money that is invested to generate an annual return.
- Raise funds through competing for grant funding. Grant (money) is offered by governmental units and private foundations/ charitable trusts to non-profit organizations for certain projects.
- A capital campaign is when fundraising is conducted to raise major sums for a building or endowment, and generally keep such funds separate from operating funds.
- Special events are another method of raising funds.
- While fundraising often involves the donation of money as an out-right gift, money may also be generated by selling a product of some kind, also known as product fundraising.
- It is common to see on-line impulse sales links to be accompanied by statements that a proportion of proceeds will be directed to a particular charitable foundation.
- When goods or professional services are donated to an organization rather than cash, this is called an in-kind gift.
- A number of charities and non-profit organizations are increasingly using the internet as a means to raise funds; this practice is referred to as online fundraising.
- Some of the most substantial fundraising efforts are conducted by colleges and universities.
- The donor base for higher education includes alumni, parents, friends, private foundations, and corporations.

ii.   Process of Fund Raising : Prospect (donor) identification: The first step of fund raising is to identify the prospective done who can provide funds to the said activity. In this process we need identify such a funding organisation which can provide funds to the particular issue or social problem.

- **Prospect research and verification of the prospect's viability :** Once identification is done, the next step is to explore the possibility of getting funds from the donor or funding organisation by collecting appropriate information by doing research and verifying their areas of interest.
- **Cultivation :** The next step after verification is to approach donors and cultivating the idea of project to the donor for getting funds. This can be done through presentations in front of funding organisation, sending them concept note/project proposal, appealing, etc.
- **Solicitation :** Solicitation means getting funds for the project. The funds are being transferred to the organisation against the budget head mentioned in the project proposal.
- **Stewardship :** In this step, organisations provide status to the organisation about utilization of the funds. The report or latter being the process of keeping donors informed about how support has been used. The utilization certificate and audit reports are also submitted to funding organisation along with activity reports.

Staff Recruitment and Development : Another important component of project management is staff recruitment and development. Like fund, staff also at the core of any project. Organisations may recruit new staff for the new projects or can remain with old staff of the organisation. The success of the project is determined by the skilled, qualified and committed staff. Therefore staff recruitment and their continuous development are very important in project management.

In order to have qualified skilled staff following process can be adapted to the staff recruitment.

Define staff positions, role & responsibilities : This is the first step in staff recruitment. The first thing we need to do is to define the staff positions. This has already mentioned in our project proposal. Further we need to define the roles and responsibilities of each position to bring clarity among workers. This initial task will help us to minimize the overlapping of work done in future.

Advertise & receive applications : After defining the positions, roles and responsibilities the next step is to publish the advertisement. This can be given in newspapers, journals, periodicals and any other public documents. Advertisement should include the details of the positions, role and responsibilities and if possible the details of incentives. The deadlines and detail address should be given in the advertisement.

Screening & recruiting (interview) : Once the advertisement is published, we start getting applications. The next step is to screen the applications and call appropriate candidates for the interview.

Appointment : Once the interviews are conducted you select the suitable candidates. The appointment letter is given to the selected candidates. This appointment can be on regular basis or on contractual basis as per the project requirements.

Training & development : If the staff is recruited newly, they have to be given the training about the project requirements, organizational culture, and other important things about the project and organisation. While working on the projects and in the field staff needs to be

updated they also further need to develop their skills. Therefore, continuous on job training is required for the staff development.

Appraisal & promotion : For sustainability of the staff, organisation must provide them incentives as per the performance. Therefore, if the project is for longer duration of more than one year, organisation may conduct appraisal of the work done and accordingly decide about the promotions and other incentives. This is important aspect in staff development as it help to keep motivation among staff to bring efficiency and effectiveness among staff.

Project completion & contract settlement : This is the last stage in which staff is terminated as the contract (if on contractual basis) is getting over at the end of the project.

Management Information System :

❖ As mentioned above, organisations need to provide details of the activities and fund utilization to the stakeholders. For that matter, the organisation should have minute information about the project. This information has to keep systematically and also need to publish as and when it is required. This is nothing but the management information system; another components of project management. Therefore, it becomes important for us to understand the concept and importance of management information system. The following discussion will help us to understand this.

❖ A management information system (MIS) is a system that provides information needed to manage organizations effectively. Management information systems are regarded to be a subset of the overall internal controls procedures in organisations, which cover the application of people, documents, technologies, and procedures used by management and accountants to smooth running of organisations.

❖ Initially in businesses and other organizations, internal reporting was made manually and only periodically and gave limited and delayed information on management performance. Over time, computers began to store increasing amount of information while also interlinking with previously separate information systems. An 'MIS' is a planned system of the collection, processing, storage and dissemination of data in the form of information needed to carry out the management functions. In a way, it is a documented report of the activities that were planned and executed

❖ It must provide for reports based upon performance analysis in areas critical to that plan, with feedback loops that allow for decoration of every aspect of the business, including recruitment and training regimens. These reports would include performance relative to cost centres and projects that drive profit or loss, and do so in such a way that identifies individual accountability and in virtual / real-time.

❖ It is not only keeping and storing the information in a systematic manner but reporting and documenting this information for dissemination is also important aspect in project management.

Therefore, it becomes necessary for us to understand the last component of project management i.e. reporting and documentation.

Reporting and Documentation :

Let us discuss the importance of reporting and documentation in project management.

Reporting and documentation are essential components of project management. It help us to keep record of all the activities of the project. It also helps to measure the impact of the activities implemented during the project. In keep update and provide status to the stakeholders about the project activities. It further helps organisation to identify the loop holes in the implementation. The reporting can be done in various ways. Let us see the ways of reporting.

➢ Activity report & financial report: Activity report is mainly related with the project activities whereas financial report is concern with the details of cost incurred for project activities.

➢ Process report (narrative) & summary report: Sometime organisation has to provide the detail process to the stakeholder with minute details of the implemented activities. This can be provided by the process reporting. At the other hand summary report is to document important events of the project activities.

17.3 BASIC ELEMENTS OF PROJECT MANAGEMENT :

The four basic elements of project management, which a project manager has to look into are: cost time, scope and quality. All these four elements are interconnected and have to be managed effectively for the successful implementation of the project.

   i.   **Cost Management :** An efficient project manager is evaluated on his or her ability to complete the project within the stipulated budget. The costs include estimated cost, actual cost and variable cost. Besides, there is contingency cost which takes into account the influence of weather, supplier and design allowances.

   ii.   **Time Management :** Time management is one important skills for any successful project manager. Most of the project fails due to poor time management by the project managers. For the effective management of time, a project has to broken down into number of tasks which are to be accomplished within time frame. To prepare the project schedule, the project manager has to figure out what the tasks are, how long they will take, what resources they require and in what order they should be done.

   iii. **Scope Management :** The project manager at the outset need to clearly delineate scope of the project. The scope of the project will enable the project manager to judiciously plan required resources and manpower for the project. As project is time and cost bound, therefore, scope of the project needs to be appropriately framed within these constraints. Scope management comprises following main aspects such as authorizing the job, developing a scope statement that will define the boundaries of project, sub-dividing the work into manageable components with deliverables, verifying that the amount of work has been achieved and specifying scope change control procedures (Levis, 2007).

   iv.   **Quality Management :** Quality management is last but not least element of project management. The success of the project is judged by the yardstick of quality of work it has produced. The successful project manager maintains the balance between cost, quantity and quality. According Levis (2007) quality management includes both quality assurance and quality control. The former means planning to meet quality requirements and the later emphasizes on the steps to be taken to monitor results to see if they conform to requirements.

17.4 PROJECT MANAGEMENT CYCLE :

Project cycle has six main phases which is given in the form of cycle wheelbelow. The six various phases of project management cycle are:

1. Need Identification
2. Initiation
3. Planning
4. Executing
5. Controlling
6. Closing

1. **Need Identification :** The development of project cycle begins with identification, whether there is a need of development project for a particular sector, area, community, etc. The identification usually comprises two main aspects i.e. situation analysis and problem analysis. Let us discuss these two important aspects in detail.

   i. **Situation Analysis Project Management :** Understanding situation is the beginning of designing any development project or programme. Situation analysis broadly involves analysis of needs and assets, problem analysis and examining relevant interventions. According to Town (2001) situation analysis is an activity which can firmly link planning to the realities in the field and thereby to the implementation of the project. The situation analysis may comprise analysis of the physical, economic, social, cultural and political environment within which the population live. Some of the development indicators to be used during the situation analysis of development of a project are: composition of population, housing, sanitation, health, employment, drinking water, education, landholding, industry, services etc.

   ii. **Problem Analysis :** The second step in need identification is problem analysis. For understanding a situation to be influenced by a project, it is essential to know the problem conditions which constitute development constraints as well as their causes. Problem analysis is of prime importance to developmental project planning, as it strongly influences the design of all possible developmental interventions. Problem identification is a deductive process. It is a state of affairs or facts or figures that cause difficulties and sufferings. The problem analysis not only investigates What is wrong? but also try to understand 'Why' and 'How' it is wrong? in order to assign priority to the problem. It seeks to answer several questions these are:

      - What is the problem?
      - Why is this a problem?

      a) What are the probable causes of the problem?
      b) How serious is the problem?
         - Who are affected by the problem?
      a) How many are they?
      b) Where are they located?
      c) What are their characteristics?

According to FAO, the problem tree is a visual problem-analysis tool that can be effectively used by both the field development staff and the community to specify and investigate the causes and effects of a problem and to highlight the relationship between them. The problem tree analysis helps to find out solutions by mapping out the anatomy of cause and effect around an issue.

The roots of the tree, is the lower part of the drawing, metaphorically represent the causes of the main problem. The tree trunk at the centre of the drawing represents the main problem and the tree branches, on the upper side of the drawing, provide a visual representation of the effects of the main problem.

2. **Initiation :** Once the needs of the project are identified and decision is taken to do the project, the second step is to launch or initiate the project. There are number of activities associated in this stage. The project sponsor creates a project charter which delineates authorization of work on the project, define the authority, responsibility and accountability of the project team and establish scope boundaries of the project. The success of the project team veritably depends upon starting with complete and accurate information, management support and the authorization necessary to manage the project.

3. **Planning :** Planning phase is one of the important phases of the project cycle management. The project planning defines project activities that will be performed; the output that will be produced; and delineate how these activities will be accomplished and managed. Project planning defines each major task, estimates the time, resources and cost required, and provides a framework for management review and control. In other words, planning involves identifying and documenting scope, tasks, schedules, cost, risk, quality and staffing needs.

The project manager, along with his project team prepares project plan and gets it approved from the management. The project plan is a comprehensive document that allows a project team to begin and complete the work necessary to achieve the project goal and objectives. The project plan will address how the project team will manage the project elements.

4. **Executing :** After the project plan is prepared, it gets ready for execution or implementation. The project team acquire all necessary resources required to carry out the project and ready to perform project activities. The project manager along with the project team put their energy and efforts in participating, observing and analyzing the project activities so that the outputs produced and goal and objectives of the project achieved. In other words one is to execute the work that must be done to come out with the product of the project. Further, executing also refers to implementing the project plan.

In nutshell, executing refers to coordinating and managing the project resources while executing the project plan, performing the planned project activities and ensuring that they are completed efficiently.

5. **Monitoring/Controlling :** The functions of the project manager at this stage is to monitor and compare actual performance with the planned performance and take corrective measures to get the desired outcome when there are significant differences. By monitoring and measuring progress regularly, identifying variances from plan and taking corrective action if required, project control ensures that project activities are met.

6. **Closing out :** Closing out is the last but not the least phase of project cycle management. Once the output is produced to the customer's satisfaction, the project is considered finished. However, this should not be the case. A final lesson-learned review should be done before the project is considered complete. Failing to do the lessons-learned review means that future project will likely to suffer. Although project close out is a routine process, it is an important one. According to Hague, project closure means formal acceptance of the deliverables and disbanding of all the elements that were required to run the project.

17.5 TOOLS AND TECHNIQUES IN PROJECT MANAGEMENT :

PERT/CPM : As mentioned in the beginning, a number of tools and techniques were developed in the very beginning of the development of the discipline of project management. The most important tools are known as programme Evaluation and Review Techniques (PERT) and Critical Path Method (CPM). These techniques enable a Project Manager to use the graphical network method of representation of a project with indications of the time required to complete each activity. A network depicts the sequential relationship of different activities. The time taken by each activity and the longest chain of the activities from the beginning to the end known as the "Critical path. This chain of activities controls the total time required to complete a project and deserves the greatest attention from the Project Manager. You will learn more about the network techniques subsequently.

These methods of working out the time required for project completion have been extended to include the costs for each activity, the resources required for each activity and the uncertainties involved with each activity with the in out of time, cost, resources and probability for each activity. It is possible to work out an overall project schedule, a schedule of funds required, a projection of the resources necessary for the life cycle of the project and to work out the probabilities of completing the project within a given time-frame., Modern computer algorithms are available which will enable a manager to find out optimum project duration that will minimize the total cost of a project. It also allows a manager to seethe profile of resources required and to try to level off the peak requirements of certain critical resources. You will learn more about these tools and techniques in a separate unit.

Resource Levelling : Any project would use a variety of resources. These might include equipment of specialized nature like heavy duty crawler, cranes, concrete misers, transport vehicles etc. Resources would also include various categories of skilled manpower for carrying out different activities in a project. One of the fundamental benefits of the network planning tool is the ability to plan for parallel action. This means that the proposed activities would be carried out simultaneously by different agencies using different resources. You can imagine a network to comprise of a series of parallel lines, each line representing one chain of activities. With some interconnections, (See figure). The longest chain of activities starts from the beginning and go all the way up to the end of the total project duration. This chain of activities is known as "critical path". However, there would always be a number of other parallel chains of activities which will also span part of the entire duration of the network. They important point to note is that they are all in parallel.

The network models allow the planner to consider the requirements of various resources at any point of time. This is called `resource planning'. For exart3ple, if there are three activities running in parallel and each one of them require the services of a mobile crane then the project would need three mobile cranes at the point of time. It will continue to need three mobile cranes as long as these three activities are going on simultaneously. It during this period any activity needs to be performed, which also requires the mobile crane we would require four mobile cranes. Since resources are always in short supply in reality, planners look for ways and means of reducing the peak requirements of resources. Basically this can be achieved by rescheduling the non-critical resources. This is the essence of resource levelling. A number, of algorithms and computer programmes/models are available which help managers to obtain a fairly balance resource profile for a project.

Cost Management : An important dimension of project management includes management of the expenditure incurred on the project. Money could be considered to be a resource. Applying the principles of resource planning described earlier, it is possible to workout the requirement of funds at nay point of time during the execution of the project. One needs to known the pattern of expenditure with each activity and simply add them up over the entire time period to get the requirement of funds for the entire project. As hypothetically depicted in Figure-1 we have 15 activities and the requirement of the funds for each activity in each time period is also indicated. Adding these up, you can see very easily that the total funds requirements for this project and for this schedule can be easily worked out. These requirements can then be plotted against time, as cumulative requirement of funds as planned. Against these, the actual expenditure can be measured and thereby a graphical picture of the budgeting position can be obtained. This provides a very strong management control tool in the hands of the project manager. Project management also offers yet another tool which allows a manager to consider various cost options for carrying out individual activities and finding out a minimum total cost solution for the project. It is necessary to have data or estimates of different costs of carrying out an activity and the associated duration for each

activity. Normally, it would cost more to carry out an activity, if its duration is to be reduced. By spending more on the activities on the critical path it is possible to reduce the total duration of the project at some additional cost. However, there are some savings also. There are certain indirect costs of a project which are proportionate to the overall duration of the project and are independent of the individual activity costs. For example, the site office expenses, power, lighting of the project site, salaries of the project managers and other managerial personnel are not linked to individual activities, If the total duration comes down, it is possible to save on these costs. It is possible to carry out an exercise which will minimize the total project cost, by spending more on direct activities and thereby cutting down on the indirect cost.

Probability in Networks : The basic difference, as you already know, between the PERT and CPM, concerns uncertainties, PERT was applied for ICBM where activities durations were not known. In order to overcome this follow BETA distribution and obtained three estimates - Pessimistic (B). Most Likely (M) and Optimistic (A) - for each activity. Using these estimates and the following relations, it is possible to work out the Expected Time (TE) for each activity. Using these expressions, planners can work out the expected completion time of the project and the Standard Deviation for each activity. For a large project where the critical path contains a number of activities, it is possible to make the assumption of normal distribution and draw further inferences. You will learn more details of these aspects later.

Project Appraisal : As you have seen in discussions on the life cycle of a project, there is a decision element at the end of the feasibility phase: the `question mark' whether to go ahead or, not, with the project. The whole process of answering this question is called `Project Appraisal'. Financial institutions as well as promoters of projects are keenly interested in this process. Their interest stems from the fact that project. The viability of their appraisal process. If the appraisal is unrealistic, then it is possible to drop a very good investment proposal and thereby lose a good investment opportunity. On the other hand if inadequate appraisal leads to investments in an unviable project, investments would not generate the expected returns and may lead to sickness of the project/enterprise. It is, therefore, essential to consider all aspects of project viability; before deciding on further investments in the project.

The following specific aspects must be covered :

> ➢ Technical Viability
> ➢ Commercial Viability - Market Demand
> ➢ Financial Viability
> ➢ Economic Viability
> ➢ Environmental Viability
> ➢ Managerial Viability

In essence, the project should be technically feasible and adequate demand should exist for selling the products generated by the operation of the project facilities. There should be adequate financial returns, and adequate returns to the national economy. All environmental requirements must be possible to be fulfilled and the enterprise must have the capability to manage the facilities efficiently and effectively after the project is over. You will learn more details about the feasibility and project appraisal in the subsequent units.

Computer Applications : A number of computer routines are available for carrying out various exercises. In fact all the tools and techniques mentioned above like PERT, CPM. Resource Leveling, Cost Crashing, PERT Probability Calculations and Project Appraisal can be carried out with the help of a computer. Routines are available which are suitable both for applications on the Personal computers (PCs) as Mini-computers (MCs).

Computers have also been extensively used as a base for Project Management Information system. In fact, advantages of project management can he exploited far better with the added support from the computer. In the early days when computers were not available, one steel plant did make use of the project management techniques for the relining of their blast furnaces. The original schedule used to be of about 90 days. However, it was not possible to manually update and revise the network before one month. As a result, the impact of delays did not come forward quickly. With the introduction of computerized network management, it was possible for the project authorities to have field data on progress up to 6 AM collected and fed into the computer. The resultant critical path and the impact analysis could be carried out quickly and managers could discuss the implications of delays at around 2 PM and take suitable corrective measures. As a result of these quicker reviews, the overall delay in the project was brought down from an average of 40-50 days, to less than 10 days. In one instance, a very small non-critical activity which was assumed to have been completed, become critical, because in reality it was not completed. If this were not noticed in advance it could have resulted in a much longer delay.

17.6 PREREQUISITES OF EFFECTIVE PROJECT MANAGEMENT :

Some of the knowledge and skill required for the effective project management are as follow :

- ❖ **Project Integration Management :** Project integration management ensures that the project is properly planned, executed, and controlled. In other words, every activity of the project must be well coordinated or integrated. The project is a culmination of activities and tasks and an integrated approach will enable the project to achieve its goal and objectives effectively. There must be proper coordination at each level from the management down the line workers level. It is studied that the project fails to achieve it goal at the grassroots level because of lack of people's participation. There many project findings have suggested that the community must be integrated into the whole process of project i.e planning, formulation of strategies, implementation as well as controlling of various project activities.

- ❖ **Project Time Management :** In time completion of project not only gives a credit to the manager of but also can ensure further projects to the organization. Project time management refers to developing a time schedule that can be met and then controlling the activities to ensure that it happens. An efficient project manager tries to effectively manage the time and achieve the project tasks within the allocated time period. Taking long time adds to the inefficiency of the project. While taking too less time sometimes put question mark on the quality of the project delivery.

- ❖ **Project Cost Management :** Cost management implies that project should be completed within the formulated budget. Therefore, proper estimation of the cost of resources i.e. manpower, equipment, materials and other things like travel and other miscellaneous expenses. Cost are budgeted and tracked to keep the project within the budget. The project cost must be appropriately budgeted. For example, in most of the action research project the expenditures on project interventional activities needed to be more compared to hiring of manpower. Sometimes good project proposals are rejected not for the technical but for the financial bid. Therefore costing is critical to project management.

- ❖ **Project Human Resource Management :** Human resources are key to project. It is supreme over all other resources. It involves identifying the people needed to do the job, defining their roles, and responsibilities. Acquiring efficient people as per their job requirement is critical to project management. Besides training and capacity building of the manpower is also important to human resources management. The

human resource management also includes the salary packages, leisure and medical and other benefits. Sometimes project staffs are less motivated to work for poor benefits. Therefore, many organization depute its efficient staff to the project by offering them higher salary and grade.

❖ **Project Quality Management :** The balancing between the quantity and quality of project deliverables is central to effective project management. Maintenance of quality is vital to project and any compromise with the quality will lead to dissensions among the project team and the beneficiaries. The quality of input and output of the project must be clearly visible. The qualified and experienced manpower employed in the project can effectively and efficiently manage the project then their counter parts those were less qualified and less experienced. Nepotism in selection process is a deterrent to quality.

❖ **Project Communication Management :** Communication Management refers to planning, executing, and controlling the acquisition and dissemination of all information relevant to the needs of all project stakeholders. Transparency in communication is an accountability of the project manager. Democratic way of communication where all the stakeholders participate and share their opinion regarding various aspects of project is critical to a good project proposal formulation. Communication and dissemination of findings of the project not only helps the policy makers to formulate policy but also helps the organization to fetch more projects.

❖ **Project Risk Management :** Risk Management is a systematic process of identifying, quantifying, analysis and responding to project risk. Higher is the risk lower is the efficiency and effectiveness of the project. The efficiency and effectiveness of a project is influenced by the risk factor. For example the training of Commercial Sex Workers on HIV/AIDS in urban slum depend on the identification of CSWs which is a risk factor. According to Lewis it includes maximizing the probability and consequences of positive events and minimizing the probability and consequences of advance events to project objectives. It is an extremely important aspect of project management.

17.7 SUCCESS FACTORS IN PROJECT MANAGEMENT :

Baker, Murphy and Fisher have conducted a research survey of 650 projects to identify the success and failure factors. While the general perception of successful projects includes fulfilment of the time and cost schedule and technical specification, their research finding puts foremost emphasis on final project performance, achievement of the project's mission and perceptions of different stake holders of a project. They conclude that -"In the long run, what really matters is whether the parties associated with, and affected by a project are satisfied." Some of the prerequisites of project success may be identified as under:

❖ A through feasibility study which does not overlook any significant element affecting the project.

❖ A well planned DPR which is accepted by all concerned agencies, and frozen before execution:

❖ A capable project manager and a good team around him, with involvement right through   all four phases of project.

❖ An adequate organization with proper systems of communication, feedback and control mechanisms.

❖ Adequate understanding of mutual roles and responsibilities of all interacting agencies with clear understanding of demarcations, dependencies and complementary.

❖ Quick identification and resolution of conflicts that is nonetheless inevitable.

❖ Adequate and timely funding.

❖ Certain degree of insulation to front line project managers from undue impacts from the environment.

❖ Regular updating and appropriate actions to continuously correct the deviations, till the end of the project.

17.8 SUMMARY :

Project Management is an important area of development, as all organizations big or small are implementing one or the other projects. The viability of many organizations sometimes solely depends on projects. Besides, the funding agencies also needed to have adequate knowledge about the project management. The present unit at the outset has described the meaning and basic elements of project management. The second aspect which has been thoroughly covered in the unit is project cycle management. Later on, the project management technique which is vital to any project management has been discussed. The technicality in dealing with the project is judged from the technique used in project formulation. The last part of the unit contains the skill required for the project manager for the effective management of project.

17.9 KEYWORDS :

1. Project Management,
2. Project cycle
3. Important Phases
4. Tools and Techniques

17.10 EXERCISE :

1. Describe the important phases of a project life cycle
2. Analyze the tools and techniques in Project Management?

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LESSON - 18
GUIDELINES FOR FORMULATION OF PROJECT PROPOSALS

OBJECTIVES :

The objective of this lesson is to make the student understand the guidelines for formulation of project proposals.

CONTENTS :

18.1 INTRODUCTION :

A project proposal is a document that outlines a plan, objectives, and details of a proposed project. It serves as a roadmap for the project and provides a comprehensive overview of what will be accomplished, how it will be executed, and why it is important. The purpose of a project proposal is to persuade stakeholders, such as funding agencies, clients, or decision-makers, to approve and support the project.

A well-crafted project proposal typically includes the following sections :

❖ **Executive Summary :** This section provides a concise summary of the project, including its purpose, objectives, and anticipated outcomes. It should highlight the significance of the project and capture the attention of the reader.

❖ **Introduction :** The introduction provides background information about the project, including the context, problem or need that the project aims to address, and any relevant facts or statistics. It sets the stage for understanding the project's importance.

❖ **Project Objectives :** Clearly state the specific objectives and goals of the project. Objectives should be measurable, achievable, and aligned with the desired outcomes of the project.

❖ **Methodology :** Describe the approach, methods, and activities that will be undertaken to achieve the project objectives. This section outlines the step-by-step process of executing the project, including timelines, milestones, and deliverables.

❖ **Budget and Resources :** Provide a detailed breakdown of the estimated budget required for the project, including both financial resources and other necessary resources such as personnel, equipment, or facilities. Justify the proposed budget by linking it to project activities and expected outcomes.

❖ **Evaluation and Monitoring :** Explain how the project's progress and success will be measured, evaluated, and monitored. Include specific indicators, metrics, or evaluation methods that will be used to assess the project's impact and effectiveness.

❖ **Sustainability and Impact :** Discuss how the project will be sustained beyond its completion and how its outcomes will create lasting impact. Address long-term sustainability strategies, potential collaborations, and plans for dissemination or replication of project results.

❖ **Risks and Mitigation :** Identify potential risks, challenges, or obstacles that could affect the project's implementation or outcomes. Offer strategies and contingency plans to mitigate these risks and ensure project success.

❖ **Stakeholder Engagement :** Describe the key stakeholders involved in or affected by the project and outline strategies for engaging and involving them throughout the project lifecycle. Consider how their perspectives, feedback, and support will be incorporated into the project.

❖ **Conclusion :** Summarize the main points of the project proposal, reiterating its importance, objectives, and anticipated benefits. Conclude with a compelling call to action, requesting the support or approval of the proposal.

It is important to tailor the project proposal to the specific requirements and preferences of the intended audience. Additionally, using a clear and concise writing style, providing supporting evidence or research, and ensuring the proposal is well-structured and visually appealing can enhance its effectiveness.

18.2 DEFINITIONS OF PROJECT PROPOSAL :

Overall, a well-prepared project proposal provides a compelling case for why a project should be undertaken and demonstrates the feasibility, value, and potential impact of the proposed endeavour.

➢ "A project proposal is a detailed description of a series of activities aimed at solving a certain problem. The proposal should contain all the essential information to enable decision-makers to understand the project and its implications."

➢ "A project proposal is a formal document that outlines the scope, objectives, deliverables, and resources required for a proposed project. It serves as a communication tool to present the project idea, gain stakeholder buy-in, and secure necessary approvals and funding."

➢ "A project proposal is a written plan that presents a clear and concise overview of a project, including its objectives, rationale, scope, methodology, budget, and timeline. It serves as a foundation for project planning and serves to obtain approval and support from key stakeholders."

➢ "A project proposal is a formal document that outlines the purpose, scope, objectives, and methodology of a proposed project. It provides a comprehensive understanding of the project's feasibility, expected outcomes, and resource requirements."

➢ "A project proposal is a written document that describes a specific project and outlines the necessary steps, resources, and timeline to achieve the desired outcomes. It serves as a persuasive tool to secure approval and support for the project from stakeholders."

18.3 THE NEED FOR PROJECT PROPOSAL :

The need for a project proposal arises from several reasons, including the following :

1. **Clear Communication :** A project proposal serves as a communication tool to clearly articulate the purpose, objectives, and scope of the project to stakeholders. It ensures that everyone involved understands the project's goals and deliverables.

2. **Stakeholder Alignment :** A project proposal helps align the expectations of various stakeholders by providing a comprehensive overview of the project. It allows

stakeholders to provide input, express concerns, and make informed decisions regarding their involvement and support.

3. **Feasibility Assessment :** Developing a project proposal requires conducting a feasibility analysis, including assessing the project's technical, financial, and operational viability. This evaluation ensures that the project is realistic and achievable within the given constraints.

4. **Resource Planning :** A project proposal outlines the resources required to execute the project, including human resources, financial allocations, and equipment. It helps in estimating the budget, determining the resource needs, and facilitating resource allocation and management.

5. **Risk Identification and Mitigation :** A project proposal involves identifying potential risks and challenges that may hinder project success. By anticipating and addressing these risks early on, the proposal enables risk mitigation strategies to be incorporated into the project plan.

6. **Decision-Making and Approval :** A project proposal serves as a basis for decision-making and obtaining approvals from relevant authorities, such as management, funding agencies, or clients. It provides the necessary information to evaluate the project's merits and make informed decisions regarding its initiation and support.

7. **Project Planning and Execution :** A well-defined project proposal serves as a roadmap for project planning and execution. It outlines the project's activities, timelines, milestones, and deliverables, facilitating effective project management and monitoring.

8. **Accountability and Evaluation :** A project proposal sets clear objectives and performance indicators, allowing for the measurement and evaluation of project outcomes. It establishes accountability by providing a benchmark against which project success can be assessed.

18.4 GUIDELINES FOR FORMULATION OF PROJECT PROPOSALS :

Formulating a project proposal involves careful planning and consideration of various aspects. Here are some guidelines to help you in the process:

❖ **Clearly Define the Project Objective :** Start by defining the specific objective or problem that the project aims to address. Ensure that the objective is clear, measurable, and aligned with the desired outcomes.

❖ **Conduct Background Research :** Gather relevant information and conduct thorough research to understand the context, existing knowledge, and any previous work done on the subject. This research will help you develop a strong rationale for your project.

❖ **Identify Target Beneficiaries and Stakeholders :** Determine the target beneficiaries or the specific group of people who will benefit from the project. Identify key stakeholders who will be involved or affected by the project, such as partners, community members, or government agencies.

❖ **Develop a Logical Framework :** Create a logical framework or project framework that outlines the project's goals, objectives, activities, outputs, and outcomes. This framework will serve as a foundation for project planning and implementation.

❖ **Define Project Scope and Deliverables :** Clearly define the scope of the project, including the specific activities to be carried out and the deliverables or tangible outcomes that will be achieved. Ensure that the scope is realistic and achievable within the available resources and timeline.

❖ **Establish a Project Timeline :** Develop a detailed project timeline that outlines the sequence of activities, milestones, and deadlines. Consider dependencies between activities and allocate sufficient time for each task.

❖ **Plan Resource Allocation :** Determine the resources required to implement the project, including financial, human, and material resources. Develop a budget that includes estimated costs for each activity and identify potential sources of funding.

❖ **Consider Risk Assessment and Mitigation :** Identify potential risks and challenges that may arise during project implementation. Assess the likelihood and impact of each risk and develop strategies to mitigate or address them effectively.

❖ **Develop a Monitoring and Evaluation Plan :** Establish a plan for monitoring and evaluating the progress and impact of the project. Define key performance indicators (KPIs) and develop a data collection and analysis strategy to measure project success.

❖ **Ensure Ethical Considerations and Sustainability :** Consider ethical aspects related to the project, such as social and environmental impacts. Incorporate sustainability practices to ensure the long-term viability and positive outcomes of the project.

❖ **Write a Comprehensive Project Proposal :** Compile all the above information into a well-structured project proposal document. Ensure that the proposal includes an executive summary, introduction, project description, methodology, budget, timeline, monitoring plan, and anticipated outcomes.

❖ **Review and Refine the Proposal :** Seek feedback from relevant stakeholders and experts to refine and improve the project proposal. Review the proposal for clarity, coherence, and alignment with the project objectives.

By following these guidelines, you can create a well-designed and comprehensive project proposal that effectively communicates your project idea and increases the chances of securing support and funding.

18.5 STRATEGIES FOR SELECTING A TOPIC FOR PROJECT :

Selection of a research topic is a challenge for students and professionals alike. Here we address those challenges by presenting some strategies based on existing body of knowledge. It identifies the attributes necessary to effectively generate ideas and to convert those ideas into research topics. A topic is different from a subject, although these terms are sometimes used interchangeably. To avoid any confusion, let us recall that in high schools, we studied different subjects. Physics was a subject and 'Newton's laws of motion' was a topic.

A subject of a research study refers to broad and general contents whereas a topic of research is a specific issue being investigated. Selecting the right topic is the first step in the research journey towards Ph.D. or any other research project. In the case of Ph.D., the following scenarios are prevalent in practice: a) If the scholarship for a Ph. D. program is funded from a research project, then the candidate is supposed to work with the already identified topic and objectives. If the research is sponsored by a company, the researcher has to conduct studies on the problem identified by the management. In this scenario, the researcher has limited flexibility in modifying the topics and objectives, b) The supervisor may suggest some research topics which may be an extension of his prior research. In this case, the supervisor may have knowledge in the topic and the researcher may get support from him, and c) Other research scholars have to select their own topics. It is important to adopt proper strategies so that they do not struggle for this purpose.

The 'FRIENDS' framework comprising seven best practices for selecting a research topic for Ph.D. dissertations or research projects.

Generate Ideas For Potential Research Topics :

• Creative thinking is needed to generate new, original and unique ideas. Some of the sources of research topics are (Wang and Park, 2016; Roberts 2010)

- Conduct literature review to determine what is known and what is not known and the areas that need additional research. Carefully look through "Recommendations for future research" and 'Limitations' sections of dissertations and review articles published in scholarly journals.
- Search on the internet but be careful that not every website is trustworthy and secure. Try to avoid non-trustworthy websites.
- Attend presentations, discussion and recommendations of conferences/seminars in the field to get ideas about the current and future research needs. The participant can approach the authors for their suggestions for further research.
- Build an academic network within and outside the university. Topic selection does not have to be an individual effort. The researcher can interact with fellow students, seniors and teachers who can stimulate innovative ideas. If possible, visit nearby research and academic institutes to know what others are doing.
- Attend as many viva voce as possible because the discussions that occur during a dissertation's oral defence may open up the eyes for potential topics.
- Check the thrust areas for research on the websites of Universities of interest, related ministries/departments and international funding agencies. A good proposal from the areas that are of interest to the sponsor has a better chance of winning a fully funded scholarship or projects.
- Find out the problems of the industries of interest and ideas to find solutions to the problems can win fully Industry funded research.
- Organise some brainstorming sessions in a group of 4-6 knowledgeable people and ponder on the ideas generated.
- A good research idea may arise from certain conditions or situations in the world. The present situation due to COVID-19 has created opportunities for research in microbiological, immunological, pathological, clinical, preventive and socio-economic aspects of the pandemic.
- A mind map may be used to visually organise ideas. The central idea can be placed in the centre of the diagram while related ideas are added to it in a radial fashion.

Converting Ideas Into Research Topics :

Once researchers have ideas, they need to evaluate those ideas critically to come up with potential research topics. This process involves the following, not necessarily linear steps:

- ❖ Topics of Interest Choose potential topics of interest so that the researcher continues being motivated to successfully overcome problems that are generally encountered in the course of the study. The topic should also be interesting to the supervisor and other members of the committee, and meet the specifications and the standards of the university.
- ❖ Topics Appropriate to the Discipline Researchers' interest should be either in the core discipline or in closely related disciplines. Interdisciplinary research is now encouraged within the specifications and the standards set by the institute. Try to identify three potential topics and write a clear statement of the problem and describe research methodology in each case. Also think about the alternatives for discussion with the supervisor.
- ❖ Identify a Supervisor In most higher education systems, an application for Ph. D. registration is accompanied with a proposal. At that time the candidate has to identify a supervisor whose main role is to guide through the dissertation process. Every Ph. D. student has a supervisor from the same department. In case of interdisciplinary work, the student may have a co supervisor from the other department. Part-time

candidates can have co-supervisors usually from the research institute/ company where they are employed. In the case of projects taken up by scientists of a research institute, the role of supervisor is usually replaced by a coordinator/advisor. However, every academic or research institute may have its own regulations.

❖ **Narrow Down the Broad Topic to a Specific Topic** When the scope of a topic is too broad or too narrow, it will be difficult to conduct research. If the topic is too broad, the researcher will end up writing only in general and is unlikely to go deeper into the problem due to the limitations of time and resources. If the topic is too narrow, it becomes difficult to find adequate literature which is necessary to describe the background of the study and to identify a research gap. It is necessary to narrow down the broad topic to a specific topic that is suitable for research.

Let us take a research topic "Unemployment problem in India". It is too broad or too general for a focused study, and it may not be possible for a researcher to cover all sectors within a given time frame and budget constraints. The topic can be limited to the mining sector, which can be further restricted to the iron ore mining sector. It can be further restricted to a specific category of graduates such as mining graduates. Figure 1 illustrates how the topic can be gradually narrowed down to a specific topic "Unemployment problem for mining graduates in the iron ore mining sector in India." By narrowing down the scope, we have not downplayed its importance but made it suitable for a focused study which is relevant to a specific audience.

1. Unemployment problem in India

2. Unemployment problem in the mining sector in India

3. Unemployment problem in the iron ore mining sector in India

4. Unemployment problem for mining graduates in the iron ore mining sector in India

Scientific, Practical, Social or Personal Relevance It is important that the topic has scientific, social or practical relevance or is useful to other researchers, practitioners and policy makers. It should be useful to a researcher's career goals. The research on the topic should ideally make an original contribution to the field. As evidence for original and novel research work conducted by the candidate, most universities make it mandatory for the candidate to publish 2/3 papers in reputed journals before submission of Ph.D. dissertation. Research can be conducted to solve practical problems of the industries or organisations. The industry will have interest and support if anticipated research will be beneficial to them. Research should be relevant to the communities or society in which it is conducted. Select a research topic that may help to get a job or a promotion. If a final year M.Sc. (Mining Geologist) student is keen to work in the cement sector, a dissertation topic related to detailed exploration of limestone deposits would be appropriate.

Feasibility of the Study It is necessary to assess the feasibility of potential topics whether the project can be undertaken with available resources in terms of manpower, time frame, financial, equipment and other facilities.. Research studies are time-bound. Sometimes, researchers have to deal with uncertainties that affect the project schedule. In one of our projects, the principal equipment did not work, and we lost one year in

procuring/repairing equipment. As a result, the project was completed in four years instead of three years. It is necessary to assess the financial aspect of a research study.

The budget framework should indicate the total cost and its break up towards the purchase of equipment, travel, contingency etc. Researchers can also plan whether to use primary or secondary data. Primary data is collected by the researchers themselves for the purpose of specific study through interviews, surveys, and laboratory or field experiments.

The possibility of collecting the data is also to be explored. One of the Ph. D. scholars did not get permission to collect gold mill tailings samples from a mining company, and this problem was not anticipated at the time of registration. He had to abandon his Ph. D. program after two years of registration. Secondary data which has already been collected in the past can save time and money. However, the researcher needs to check whether or not the data are accessible, reliable and complete. The researcher may conduct his/her own SWOT (Strength, Weakness, Opportunity and Threat) analysis. If the topic does not match the strength in terms of qualification and experience, the researcher may have to stretch beyond comfort zones in acquiring new skills.

Ethics in Research Research ethics is an essential part of a research project, and it needs to be considered, particularly when the study involves humans and animals. The researcher needs to be aware of the applicable codes of ethics related to the project and should keep the following in mind (Saunders, 2009, Hulley et al, 2013, Wang and Park, 2016):

➢ Necessary approval for all studies that involve humans from the competent authority.
➢ Necessary approval for clinical trials of drugs from the competent authority.
➢ Any risk of harming people, the environment, or property.
➢ Privacy and confidentiality.
➢ Society's cultural, moral, religious and legal values.
➢ Honesty and integrity in conducting research.

Friends: The Essence Of Topic Selection :

An acronym FRIENDS, which is formed by using the first letter of the word (captures the essence of topic selection criteria. Additional words or phrases on the right side corresponding to these words act as the pointers to the details of each word.
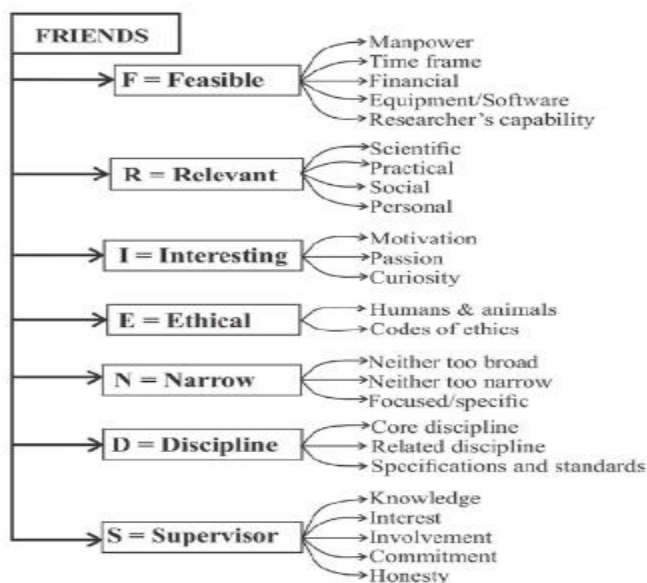
18.5 CHARACTERISTICS OF GOOD PROJECT PROPOSAL :

A good project proposal exhibits several key characteristics that make it effective and compelling. Here are some characteristics of a good project proposal:

- ❖ **Clarity :** A good project proposal clearly communicates the project's objectives, activities, outcomes, and expected impact. It presents ideas and information in a concise and easily understandable manner, avoiding jargon or unnecessary complexity.

- ❖ **Alignment :** The proposal demonstrates a strong alignment between the project objectives, the needs of the target beneficiaries, and the goals of the funding organization or stakeholders. It shows a clear connection between the proposed project and the broader context or problem it aims to address.

- ❖ Feasibility: The proposal outlines a realistic and achievable plan for project implementation. It takes into account available resources, timeline, and capacity of the implementing organization or team. It demonstrates that the project can be successfully executed within the proposed timeframe and budget.

- ❖ **Innovation :** A good project proposal introduces innovative or creative approaches to addressing the problem or achieving the desired outcomes. It offers unique solutions or methodologies that set it apart from existing initiatives. Innovation can demonstrate the project's potential for generating long-term impact.

- ❖ **Methodology and Approach :** The proposal outlines a well-defined methodology and approach for implementing the project. It explains the specific activities, tasks, and strategies that will be employed to achieve the project objectives. The proposed approach should be logical, evidence-based, and supported by relevant research or best practices.

- ❖ **Stakeholder Engagement :** The proposal demonstrates an understanding of the importance of stakeholder engagement and participation. It outlines a clear plan for involving relevant stakeholders throughout the project lifecycle, including beneficiaries, partners, community members, and other key stakeholders.

- ❖ **Sustainability :** A good project proposal addresses the long-term sustainability of the project's outcomes. It considers strategies for ensuring the project's impact continues beyond its initial implementation. This may include plans for capacity building, knowledge transfer, local ownership, or the establishment of partnerships.

- ❖ **Evaluation and Monitoring :** The proposal includes a well-designed monitoring and evaluation plan to assess project progress and measure outcomes. It defines relevant indicators, data collection methods, and evaluation frameworks. This demonstrates the project's commitment to evidence-based decision-making and accountability.

- ❖ **Budget and Resource Allocation :** A good project proposal provides a detailed and realistic budget that accurately reflects the resources required to implement the project. It justifies the allocation of resources and demonstrates financial accountability. The budget should align with the project activities and outcomes.

- ❖ **Impact and Benefit :** The proposal clearly articulates the anticipated impact and benefits of the project, both in the short and long term. It highlights how the project will improve the lives of beneficiaries, contribute to the target community or sector, and align with broader social or developmental goals.

These characteristics collectively contribute to a strong and persuasive project proposal. By incorporating these elements, the proposal increases its chances of attracting funding, support, and partnerships for successful project implementation.

18.6 CHALLENGES FACED DURING FORMULATION OF PROJECT PROPOSAL :

Formulating a project proposal can be a complex process that involves various challenges. Here are some common challenges faced during the formulation of a project proposal:

- ❖ **Defining Clear Objectives :** One of the main challenges is articulating clear and measurable project objectives. Ensuring that the objectives are specific, realistic, and aligned with the desired outcomes can be a challenging task.

- ❖ **Gathering Sufficient Information :** Obtaining relevant and accurate data and information to support the project proposal can be a challenge. Conducting research, collecting data, and identifying credible sources of information may require significant effort and resources.

- ❖ **Identifying and Engaging Stakeholders :** Identifying and engaging stakeholders who will be involved or affected by the project can be challenging. Building partnerships, getting stakeholder buy-in, and ensuring their active participation throughout the project can require effective communication and relationship-building skills.

- ❖ **Resource Constraints :** Limited availability of financial, human, and material resources can pose a challenge during project proposal formulation. Striking a balance between project scope and available resources can be difficult, and creative solutions may be needed to address resource constraints.

- ❖ **Time Constraints :** Developing a comprehensive project proposal within a specified timeframe can be challenging, especially when there is limited time for research, planning, and consultation with stakeholders. Proper time management and prioritization are crucial in addressing this challenge.

- ❖ **Addressing Risks and Uncertainties :** Assessing and addressing potential risks and uncertainties that may affect the project's success is an ongoing challenge. Anticipating and mitigating risks, developing contingency plans, and adapting to unexpected situations require careful analysis and planning.

- ❖ **Balancing Innovation and Feasibility :** Striking a balance between innovative ideas and the feasibility of project implementation can be challenging. While innovative approaches can bring unique solutions, ensuring that they are practical and can be executed within the project's scope and resources is essential.

- ❖ **Writing a Compelling Proposal :** Articulating the project's rationale, methodology, expected outcomes, and impact in a clear and compelling manner is crucial. Presenting the proposal in a well-structured and persuasive way can be challenging, particularly for individuals who may not have extensive experience in proposal writing.

- ❖ **Alignment with Funding Criteria :** Meeting the specific requirements and criteria set by funding agencies or organizations can be a challenge. Adhering to guidelines, ensuring the proposal aligns with the funder's priorities, and effectively addressing their evaluation criteria require attention to detail and thorough understanding of the funding requirements.

- ❖ **Adapting to Feedback and Iterations** : Receiving feedback from stakeholders or reviewers and incorporating it into the project proposal can be challenging. It may involve revising and iterating the proposal multiple times to address concerns and suggestions, requiring flexibility and open-mindedness.

Navigating these challenges requires careful planning, collaboration with relevant stakeholders, and continuous refinement of the project proposal. Seeking guidance from

experienced professionals, mentors, or project management experts can also be valuable in overcoming these challenges.

Overcoming challenges during the formulation of a project proposal

Overcoming challenges during the formulation of a project proposal requires a proactive and strategic approach. Here are some strategies to help overcome these challenges:

- ❖ **Conduct Thorough Research :** Invest time and effort in gathering relevant information and conducting comprehensive research. This will help in defining clear objectives, understanding the project context, and identifying potential challenges and solutions.

- ❖ **Engage Stakeholders Early :** Involve key stakeholders from the beginning of the project proposal formulation process. Seek their input, address their concerns, and gain their support. Effective communication and collaboration with stakeholders can help overcome resistance and ensure alignment with their expectations.

- ❖ **Seek Expert Advice :** Consult with subject matter experts or experienced professionals in project management or the specific domain of your project. They can provide valuable insights, guidance, and feedback to help you address challenges effectively.

- ❖ **Prioritize and Allocate Resources :** Assess the available resources and prioritize them based on project needs. Consider alternative resource options and explore partnerships or collaborations to augment resource availability. Efficient resource allocation can help mitigate resource constraints.

- ❖ **Manage Time Effectively :** Plan and allocate sufficient time for each stage of the project proposal formulation process. Break down tasks into smaller, manageable steps and set realistic deadlines. Efficient time management will ensure that you have ample time for research, consultation, and refinement of the proposal.

- ❖ **Mitigate Risks and Uncertainties :** Identify potential risks and uncertainties and develop strategies to mitigate them. Conduct a thorough risk assessment and develop contingency plans. Regularly monitor and review the risks throughout the project proposal formulation process.

- ❖ **Enhance Proposal Writing Skills :** Invest time in developing your proposal writing skills. Learn effective techniques to communicate your ideas clearly, concisely, and persuasively. Seek feedback from peers or experts to improve the quality and impact of your proposal.

- ❖ **Align with Funding Criteria :** Review the requirements and criteria set by funding agencies or organizations carefully. Tailor your proposal to align with their priorities and evaluation criteria. Ensure that your proposal clearly demonstrates how your project meets their objectives and contributes to their desired outcomes.

- ❖ **Iterate and Seek Feedback :** Be open to receiving feedback on your project proposal. Engage with reviewers, stakeholders, or mentors and incorporate their suggestions and recommendations. Iterate and refine your proposal based on the feedback received.

- ❖ **Learn from Past Experiences :** Reflect on past experiences and lessons learned from previous project proposals. Identify areas of improvement and implement changes to enhance the quality and effectiveness of your current proposal.

By applying these strategies, you can address challenges more effectively and increase the likelihood of developing a robust and compelling project proposal. Remember to stay adaptable, resilient, and open to learning throughout the process.

18.7 SUMMARY :

In summary, a project proposal is a well-structured document that presents a compelling case for the implementation of a project. It outlines the project's objectives, methodology, budget, timeline, stakeholder engagement, sustainability plan, and expected impact. A strong project proposal increases the chances of securing resources and support for successful project implementation.

18.8 KEY WORDS :

1. Project proposal,
2. Characteristics,
3. Formulation,
4. Document,
5. Guidelines, and
6. Challenges

18.9 EXERCISE :

1. Give a brief account on project proposal.
2. What are the challenges faced during formulation of proposal.
3. Guidelines for formulation of proposal. Elucidate.
4. Describe the need for project proposal.

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LESSON-19
PROJECT IMPLEMENTATION, MONITORING & EVALUATION

OBJECTIVES :

This unit describes the meaning of project implementation, monitoring and evaluation; analyze the problems associated with project implementation, monitoring and evaluation;

CONTENTS :

19.1 INTRODUCTION : PROJECT IMPLEMENTATION :

After you have carefully planned your project, you will be ready to start the project implementation phase, the third phase of the project management life cycle. The implementation phase involves putting the project plan into action. It's here that the project manager will coordinate and direct project resources to meet the objectives of the project plan. As the project unfolds, it's the project manager's job to direct and manage each activity, every step of the way. That's what happens in the implementation phase of the project life cycle: you follow the plan you've put together and handle any problems that come up.

The implementation phase is where you and your project team actually do the project work to produce the deliverables. The word "deliverable" means anything your project delivers. The deliverables for your project include all of the products or services that you and your team are performing for the client, customer, or sponsor, including all the project management documents that you put together. The steps undertaken to build each deliverable will vary depending on the type of project you are undertaking, and cannot therefore be described here in any real detail. For instance engineering and telecommunications projects will focus on using equipment, resources, and materials to construct each project deliverable, whereas computer software projects may require the development and implementation of software code routines to produce each project deliverable. The activities required to build each deliverable will be clearly specified within the project requirements document and project plan.

Plan implementation :
The implementation stage is the actual development or construction of a plan where it becomes fully operational. This involves a number of phases, activities and decisions. They are presented in a nutshell in the following list:

- ❖ Taking decisions with regard to agencies and institutions which are involved in the implementation process;
- ❖ Taking decisions with regard to the involvement of beneficiaries/target group(s), for whom the plan is designed, in the planning, implementation and management of the plan;
- ❖ Procurement of financial and material resources and mobilizing human resources;
- ❖ Construction and installation of facilities and equipment's;
- ❖ Selection of effective methods of service delivery and their implementation;
- ❖ Supervision of the implementation and service delivery modalities; and
- ❖ Establishing financial control over the plan implementation.

Need Of Project Planning :
Project planning is a very important part of project management. It relates to the use of schedules to plan and subsequently report progress within the project environment. Effectiveness of a project is a function of a better understanding of activities and critical success factors at various stages of the project. The schedules, which are generally used for project planning, are:

- A Gantt chart
- A PERT (programmer evaluation and review technique) diagram
- A CPM (critical path method) diagram

Several steps and decisions are required in a systematic approach in planning the activities. Initially, the firm has to decide whether they would want multi-level scheduling and multi-project scheduling or not. Following this, the activities must be discretely identified, the time for each activity must be estimated, the resource requirement must be planned and the interdependence must be determined. These activities should then be presented in a manner that will help grasp the complexities clearly and help to determine slack, if any. It will also help in effective resource allocation considering the time period.

Resource planning and leveling requires work structure planning and arrangement of work packages in networks to identify slacks and early and late start of activities. The three major resources for resource planning and leveling are machine and equipment supply, material procurement and manpower planning.

Project planning refers to a procedural step in project management. During project planning, required documentation is created to ensure successful project completion. All actions required to define, prepare, integrate and coordinate additional plans are included in documentation. The project plan clearly defines how the project is executed, monitored, controlled and closed. Project planning requires an in-depth analysis and structuring of the following activities:

- Formulation of project goals
- Identification of project deliverables
- Creation of project schedules
- Creation of supporting plans

These activities are discussed ahead under the project planning process.
At the end of the project planning stage, the following are identified:

- Obstacles in the project

- Minimum time required for the completion of the project
- Major deliverables of the project
- Work required for the completion of the project
- People involved in the project and their key responsibilities
- Required milestones of the project

Project planning is never really complete until a project is done. The project plan may return to the planning stage many times before it is accomplished. Usually, the length of the project planning stage is determined by project complexity.

❖ **Objectives of Project Planning :** It is essential to clearly set the objectives of project planning. Clear objectives result in a higher rate of project success. Once you have defined the objectives of your project, the tasks leading towards these objectives can easily be identified. If a sailor, for example, knows where the fish are, he can direct his boat to the proper spot. So is the case with project planning.

❖ **Project Planning :** Project planning involves several essential elements that help define the project's objectives, scope, timeline, resources, and deliverables. Here are the key elements of project planning:

❖ **Project Goals and Objectives :** Clearly define the project's goals and objectives. These should be specific, measurable, attainable, relevant, and time-bound (SMART). Goals and objectives provide the project's overall purpose and guide the planning process.

❖ **Project Scope :** Determine the boundaries and extent of the project. Define what is included and excluded from the project's deliverables, activities, and responsibilities. A well-defined scope ensures a clear understanding of project boundaries and helps manage expectations.

❖ **Work Breakdown Structure (WBS) :** Create a hierarchical breakdown of the project's work into smaller, manageable tasks. The WBS organizes the project into smaller components, making it easier to plan, schedule, assign resources, and track progress.

❖ **Project Schedule :** Develop a timeline or schedule that outlines the sequence and duration of project activities. Identify dependencies, milestones, and deadlines. Tools like Gantt charts or project management software can be used to visualize and communicate the project schedule effectively.

❖ **Resource Allocation :** Identify and allocate the necessary resources to complete project tasks. This includes personnel, equipment, materials, and budget. Assess resource availability, skill requirements, and potential constraints when planning resource allocation.

❖ **Risk Assessment and Mitigation :** Identify potential risks and uncertainties that could impact the project. Assess their likelihood, impact, and develop strategies to mitigate or respond to them. Create a risk management plan to minimize potential negative impacts on the project's success.

❖ **Communication Plan :** Develop a plan that outlines how project information will be communicated, to whom, and through which channels. Determine the frequency and format of communication, key stakeholders, and their roles in the communication process. Effective communication ensures stakeholders are informed and engaged throughout the project.

❖ **Quality Management :** Define the quality standards and processes that will be used to ensure project deliverables meet the required level of quality. Establish quality control measures to monitor and verify compliance with quality standards. This helps maintain project integrity and customer satisfaction.

❖ **Budget and Cost Estimation :** Estimate the financial resources required to complete the project. Develop a budget that includes cost estimates for labor, materials, equipment, and other project-related expenses. Regularly monitor and control project costs to ensure they remain within the approved budget.

❖ **Procurement Plan :** If the project involves external suppliers or vendors, develop a procurement plan. Identify the goods or services to be procured, establish selection criteria, and outline the procurement process. Ensure compliance with relevant procurement regulations or organizational policies.

❖ **Stakeholder Analysis and Engagement :** Identify project stakeholders and assess their interests, influence, and potential impact on the project. Develop strategies to engage and communicate with stakeholders effectively. Consider their needs and expectations to ensure their support and alignment throughout the project.

❖ **Change Management :** Recognize that changes may arise during the project lifecycle. Establish a change management process to evaluate, approve, and implement changes effectively. Define roles and responsibilities for change control, and consider the impact of changes on scope, schedule, resources, and budget.

These elements provide a structured approach to project planning, ensuring clarity, alignment, and a foundation for successful project execution.

19.2 MEANING OF MONITORING :

Monitoring is an internal activity carried out by the implementing agency or its associated organization to determine whether the plan is implemented as planned. It can also be stated that it checks whether resources are being mobilized as planned and activities are carried out as per strategy and being carried out on time. Monitoring is the process of continuous internal assessment and this activity helps to determine whether the plan is implemented properly to achieve its defined objectives within the stipulated timeframe and budget. This process gives the feedback about the progress of the plan and also it helps to identify problems involved in the implementation process.

19.3 FEATURES OF MONITORING :

1. Continuous ongoing activity that tracks each activity from the start to its finish
2. Dynamic feature because its processes and details evolve and change as the monitoring functions   are in progress
3. Forward-looking process, as it seeks to anticipate problems and shortcomings
4. Corrective approach, suggesting remedial measures to rectify defects and failures even as they occur
5. Consolidative methodology, seeking feedback of initiatives from the authorities at the top to the grassroots at the bottom
6. Enforces clear thinking and constant alertness, as the objectives and standards of the programme/project need to be clearly established. This is critical, as shortcomings will need to be identified and addressed immediately in order that the highest levels of programme quality are maintained.

19.4 CHARACTERISTICS OF A GOOD MONITORING SYSTEM :

❖ In order to ensure the chances of success of the programme, monitoring is needed at various stages of the programme cycle from the inception of the programme to the completion of final activities. Thus a good monitoring system should:

❖ Provide periodic and timely feedback on physical and substantive programme accomplishments, as well as financial status

❖ Identify problems that require solutions and action. Problems may be specific to the programme (changes in procurement procedures), or institutional in nature (changes in the context where it is being implemented)

❖ Be relatively simple, to incorporate the basic information required by programme management. The use of complicated forms requiring a large volume of data creates confusion and reduces the enthusiasm of all those involved.

❖ For effective problem solving, monitoring should ensure timeliness of information and ensure that the feedback is implemented.

19.5 KINDS OF MONITORING :

The following are some of the kinds of monitoring methods.

❖ **Performance monitoring :** All plans have a well-defined set of inputs in terms of money, materials, equipment, staff, technical assistance etc. These inputs should give a set of expected outcomes within the stipulated time. Therefore, it is required to check the actual and planned progress towards the attainment of plan objectives and this analysis is known as performance monitoring. This is used to track the use of project inputs and production of outputs and to identify causes of delay and problems.

❖ **Financial monitoring :** This will monitor the correct use of funds, disbursements and internal cash flow and assessment of cost effectiveness. It examines the changes in the expected cost and compares the planned and actual budget incurred. It uses the cost variance analysis to investigate the departure from the planned cost. It analyzes the reason for variance in the cost incurred to implement the plan. If there is any misuse of finances, this can be monitored effectively by applying this technique.

❖ **Diagnostic studies :** This is also known as process monitoring. It helps to understand why implementation and sustainability problems have occurred and further, helps to find solutions to those problems. It also identifies and corrects problems arising during the implementation of plans. These studies are conducted quickly to avert delay and hence they are also known as rapid feedback or rapid reconnaissance studies. Complex problems require careful and detailed analysis and diagnostic studies are carried out in such a way to address those problems. It can also be used as a form of quality control and can be conducted periodically even when no problems were detected.

❖ **Mid-term assessment of plan performance :** This is to assess the overall progress of the plan in order to identify key issues and required changes. This is required by the donor agencies that sponsor the plan. Its purpose is to identify problems and to provide suggestions for redesigning the plan or implementation strategy or changing the design of resource allocations. The assessment covers all aspects of implementation and financial performance, the effectiveness of implementing agencies and accessibility to intended target groups. This assessment is largely based on diagnostic studies and existing reports. Sometimes they carry out independent studies as well.

❖ **Plan Implementation Report and Audit :** This will assess plan implementation and performance of the executing agency followed by an independent audit to evaluate the extent to which loan agreement terms are being met. The purpose of this method is to certify that the plan has been satisfactorily completed and to identify deviations from the planned implementation schedule, outputs and budget. This report will give an account of achievement of plan objectives, plan design and performance and finally end with lessons learnt.

Monitoring operations, maintenance and sustainability :
This operation assesses the capacity of the plan to continue delivering intended services and benefits throughout its planned economic period. This will assess the following components:
- ➢ The quantity and quality of outputs and benefits produced in comparison with the plan target;
- ➢ The social and economic background of the actual target group;
- ➢ Capacity and resources of the organization involved in the plan implementing process;
- ➢ Level of participation of the target group;
- ➢ Cost recovery performance;
- ➢ Adequacy of recurrent cost financing; and
- ➢ Adequacy of the maintenance of physical infrastructure and capital.

19.6 MEANING OF EVALUATION :

Evaluation, on the other hand, may be considered as an internal or external activity. This may be conducted within the plan implementation agency or by an outside organization. It is used to assess and improve the present plan or to estimate the impact and evaluate the performance of completed plans. This is otherwise known as impact or efficiency evaluation.

19.7 TYPES OF PLAN EVALUATION :

There are different types of evaluation models developed over a period of time. These types or models are developed based on the evaluation of social development plans, programmes and projects. These models are based on the assessment of implementation processes, quantitative assessment, estimates of plan impact and so on. In the following section you can study about the types of plan evaluation.

- ❖ **Logical Framework Analysis :** It is a kind of monitoring widely used. A Plan is time bound and its goal has to be achieved within the time mentioned in the plan. The attainment of goals is the criteria for measuring the degree to which each objective has been achieved. At the end of the specified time limit the actual and intended progress are compared and the reasons for failure to achieve the goal, if any, will be examined. This method is mostly used in the social development plan.
- ❖ **Quasi-experimental Designs :** This is a kind of statistical procedure designed to estimate plan outcome. It estimates the size and distribution of project impacts statistically controlling for the effect of other factors that could affect the outcome. Systems Analysis: It is otherwise known as project planning and performance evaluation. It is descriptive and some mathematical calculations are applied in the evaluation. It analyzes the process of plan implementation and assesses factors affecting plan outcomes. This method is widely used to evaluate health and infrastructure-related plans.
- ❖ **Causal Network :** This is a simple graphic system applied mainly in evaluations using qualitative data to prove or disprove hypotheses. It also helps to analyze the link between implementation variables and their impact on project outcome.
- ❖ **Process Modeling :** This technique is widely used to define the factors affecting the outcome of particular plan components and non-plan variables on plan outcome. It assesses the contribution of non-plan factors to the outcome.
- ❖ **Path Analysis :** It is a kind of statistical technique used to estimate the quantitative output of the plan. Structural Learning: It is a systematic way to learn from the experience of the on-going plan and use the knowledge to improve the future plan. This technique consists of creating a model that explains the whole operation and

implementation process. On the basis of this model, a set of hypotheses will be developed and will be tested in other plans, projects or programmers.

19.8 SIGNIFICANCE OF MONITORING AND EVALUATION :

The proper conduct of monitoring and evaluation is an important element which contributes to the successful implementation of the plan and gives feedback for future operation. The significance of monitoring and evaluation is as follows:

➢ It will contribute to the identification, appraisal, planning and design of future plans.
➢ When plan implementation begins, regular reports will be required on the progress of physical implementation, financial status, causes and possible solutions to problems arising during implementation. These can be addressed only through monitoring and evaluation.
➢ The organization which funds for the plan requires regular reporting. Therefore, through monitoring and evaluation, an implementing agency can become accountable to the funding or lending agency.
➢ Monitoring and evaluation serves as a quality control mechanism. Organizations which are involved in the planning process require regular information on the efficiency of the plan and the quality of work being carried out. Monitoring and evaluation will serve this purpose.
➢ Plan effectiveness and impact can be analyzed through monitoring and evaluation.

19.9 LEVELS OF MONITORING AND EVALUATION :

Monitoring and evaluation are used at multiple levels. They are conducted at national level, project level and sectoral level. In this section you will read about these important processes.

❖ **National level :** At the national level many organizations carry out monitoring and evaluation. The Ministry of Finance will monitor and evaluate most of the plans funded internally by the country and externally by foreign countries. They assess 65 Plan Implementation, Monitoring and Evaluation the overall progress and impacts of the national development programmes. Apart from this, non-governmental organizations and academic institutions also carry out Monitoring and Evaluation. Many NGOs are concerned with social and environmental issues. Academic institutions evaluate the credibility, utility and impact of the plan. They also do policy analysis and suggest policy change and implications.
❖ **Project level :** As you know, M&E provides information to planners and managers and determines whether a plan is executed as per its design. It can also help to identify problems that need to be resolved, the unexpected impact and lessons for guidance. Therefore, M&E is required in all the stages of a plan right from plan preparation, plan appraisal, selection and negotiation, designing, plan implementation, management of plan operations and new plan identification.
❖ **Sectoral level :** At the sectoral level information is gathered regarding project experiences in a particular sector. This will help to assess the potential replicability of the plan in some other sectoral situation. M&E at sectoral level will try to resolve queries such as:

1. Which of the alternative methods of service delivery are the most cost effective?
2. How would cost effectiveness be affected by the implementation of the project on a large scale?

3. Which conditions cause the different methods of service delivery to be most effective and least effective? What are the implications for replicating the same on a large scale?

4. Which groups are most and least likely to benefit from the project if it is replicated on a large scale?

19.10 DESIGN AND IMPLEMENTATION OF MONITORING AND EVALUATION :

Now it is clear that the purpose of M&E is to provide information regarding the effective implementation of plans and the impact created by that plan. It also helps in the selection and planning of future plans. Also, we need to understand how M&E is designed and implemented. In order to design M&E, information is required at the stakeholder level, and programme level. One has to define the level of complexity, coverage and duration of the evaluation. In this section you can learn about these aspects.

Before conducting M&E certain information is required about the stakeholders involved in the planning process. The major stakeholders of the plan are: International organizations, national institutions, local implementing and coordinating agencies and finally the target group for which the plan is being implemented. International organizations require periodic information on physical and financial progress. National institutions require indicators on plan implementation and financial performance of the plan. Plan implementing agencies require short - and medium- term information to monitor progress and to detect and help resolve problems when they arise. Most of the plans do not involve the target group in design or review of monitoring studies. But in recent times awareness has been increased and the target group or intended population has started playing an important role in M&E. Civil society organizations and community-based organizations are encouraging people to develop their own M&E systems to ensure that benefit reach the targeted groups.

At the programme level certain information is required to do M&E and those are mentioned in the following list for quick reference:

Indicators of Plan progress :
➢ Selection of target group(s) which benefit(s) from the plan;
➢ Progress of construction and physical implementation;
➢ Utilization of project services;
➢ Consolidation and follow on projects;
➢ Dropouts;
➢ Maintenance; and
➢ Cost recovery.
➢ Indicators of Plan effectiveness:
➢ Accessibility/affordability of services;
➢ Impact on target population; Multiplier effects; and
➢ Impacts on sectoral and national policies.
➢ Indicators of Plan efficiency:
➢ Performance of individual project components;
➢ General efficiency in terms of design, finance, implementation and cost recovery; and
➢ Comparison with alternative projects in terms of costs, quality and replicability.
➢ General planning information:
➢ Socio-economic characteristics of the target population;
➢ Current living and access to services;
➢ Human development indicators; and
➢ Community organizations.

Level of complexity, coverage and duration of the evaluation should also be designed in advance. If the M&E is too complex, there is a danger of overloading the capacity of the organization to conduct the studies. This will lead to delay in dissemination of results, decline in the quality of the studies and heavy expenditure. When M&E begins, it should be kept as simple and economical as possible. Complexity can be increased at a later point of time if necessity arises. Further, it is most important to stipulate at what time the evaluation begins and ends. Many changes will start as soon as it is planned. These changes have to be included in M&E and this inclusion should not deviate from the stipulated time period as decided initially. Many impacts will not take place until several years after the implementation of the plan has been completed. In this case M&E cannot take place as quickly as possible.

Apart from those mentioned earlier, the organizational framework of the M&E agency plays a crucial role. Single M&E units will be viable so that they can have close contact and operationalization will be more effective. They should have one reporting authority to have clear unity of command.

19.11 PROBLEMS IN MONITORING AND EVALUATION :

Monitoring and evaluation is not free from criticism because each approach of monitoring and evaluation has its own criticism. Many M&E exercises could not fulfil the expectations and demands placed on them. They have also been criticized for their inefficiency and limited utility. Their criticism is mainly focused on when they just monitor and evaluate the quantitative output and financial implications of the plan. These problems are classified as described in the following discussion.

Organizational and Political problems : Here the problem lies with the monitoring and evaluation agencies which exercise considerable influence over resource allocation and over decisions concerning the future fate of the plan they are evaluating. Sometimes an inappropriate agency might be assigned with the duty of monitoring and evaluation. Their reports and suggestions cannot be taken into consideration if they did not understand the whole planning process and the context in which it is being implemented. They might not be in a position to coordinate themselves with the system. This will have a serious impact on the monitoring and evaluation process. In other cases some of the pertinent organizations which are involved in the process of monitoring and evaluation must have been excluded and the government ignores their opinion. A further set of problems can be created by donor agencies themselves by influencing the content and organization of monitoring and evaluation systems.

Managerial problems : Many monitoring and evaluation agencies have failed to establish a clear procedure for monitoring and evaluation. They also have failed to cope with the expectations of the implementing agencies. This mainly stems from the following reasons:
➢ Minimization of accountability;
➢ Lack of confidence that evaluation products will yield practical benefits exceeding their cost;
➢ Lack of rewards associated with sponsoring evaluations;
➢ Length of time required to begin an evaluation; and
➢ Length of time required to produce results.

Problems of focus :

Although the agencies involved in monitoring and evaluation focus on the plan implementation process, they are not able to produce intended results. They can just pinpoint the deviation, identify problems and suggest solutions to the problems. But they could not

make any change in the implementation process. Further, they focus more on the assessment of inputs rather than on the evaluation of the outputs of the programme.

Planning Methodological problems :

In the early 1990s most of the evaluative studies are based on the quasi-experimental design. But they are considered as disappointing stating that they lack rigour in impact evaluation. Again the application of more quantitative methods has the tendency to ignore valuable qualitative methods. Comprehensive and integrated evaluation methodology is not often adopted by any agency involved in monitoring and evaluation.

19.12 SUMMARY :

This unit briefly explained about the Plan Implementation, meaning of Monitoring and Evaluation, features and characteristics of monitoring, significance of Monitoring and Evaluation, types of Evaluation and problems faced while evaluating.

19.13 KEYWORDS :

1. Monitoring,
2. Evaluating,
3. Socio-economic characteristics,
4. Target population,
5. Current living,
6. Access to services,
7. Human development indicators,
8. Community organizations,
9. Accountability,
10. Problems of evaluation,
11. Evaluation methods,
12. Plan.

19.14 EXERCISE :

1. Define and explain the meaning and kinds of monitoring.
2. What is the need for evaluation? Explain the different types of evaluation methods.

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LESSON - 20
PROJECT IMPLEMENTATION: THEIR RELEVANCE TO SOCIAL WORK PRACTICE

OBJECTIVES :

The objective of this lesson is to make the student understand the concepts of project implementation: their relevance to social work practice.

CONTENTS :

20.1 INTRODUCTION :

Project implementation refers to the process of executing and managing the activities outlined in a project plan in order to achieve the project's objectives. It involves putting the project plan into action, coordinating resources, monitoring progress, and making necessary adjustments to ensure successful project completion.

20.2 DEFINITIONS OF PROJECT IMPLEMENTATION :

Here are various definitions of project implementation along with their references:

❖ "Project implementation is the process of executing the activities outlined in the project plan to achieve the project's objectives."

❖ "Project implementation refers to the stage of the project lifecycle where project plans are put into action, resources are mobilized, tasks are executed, and progress is monitored to accomplish the project goals."

❖ "Project implementation involves the actualization of project plans through the coordinated execution of tasks, allocation of resources, and monitoring of progress to achieve desired project outcomes."

❖ "Project implementation is the practical application of project plans, involving the execution of project activities, management of resources, and tracking of progress to achieve project deliverables."

❖ "Project implementation is the stage where the project plan is put into action, involving the mobilization of resources, coordination of tasks, and delivery of project outputs according to the defined schedule and quality standards."

These definitions, provided by reputable sources in project management and development, highlight the common understanding of project implementation as the phase where project plans are executed, resources are utilized, tasks are performed, and progress is monitored to achieve the desired project outcomes.

20.3 STEPS INVOLVED IN PROJECT IMPLEMENTATION :

Here are the key steps involved in project implementation:

❖ **Project Kick-off :** The project implementation phase begins with a kick-off meeting, where project stakeholders, team members, and key participants come together to review the project plan, clarify roles and responsibilities, and establish communication channels.

❖ **Resource Allocation :** During project implementation, resources including personnel, finances, equipment, and materials are allocated based on the project requirements. The project manager ensures that the necessary resources are available and appropriately assigned to tasks.

❖ **Task Execution :** Project team members carry out their assigned tasks according to the project plan. They collaborate, communicate, and work together to complete the activities and deliverables outlined in the project scope.

❖ **Monitoring and Control :** Project progress is continuously monitored to track the performance, quality, and adherence to the project plan. Project managers use monitoring tools and techniques to ensure that tasks are being completed on time, within budget, and according to the defined quality standards.

❖ **Risk Management :** Risks and issues that arise during project implementation are identified, assessed, and managed. The project team takes proactive measures to mitigate risks and address issues promptly to minimize their impact on project outcomes.

❖ **Communication and Stakeholder Engagement :** Effective communication with stakeholders is crucial during project implementation. Project managers maintain regular communication channels, provide updates on project progress, address concerns, and engage stakeholders to ensure their continued support and involvement.

❖ **Change Management :** As the project progresses, changes may be required due to unforeseen circumstances or evolving project needs. Change management processes are employed to assess the impact of changes, obtain approvals, and implement necessary adjustments while minimizing disruptions to the project.

❖ **Quality Assurance :** Quality assurance activities are carried out to ensure that project deliverables meet the specified quality standards. Quality control processes are implemented to review and verify the completeness, accuracy, and compliance of project outputs.

❖ **Documentation and Reporting :** Project documentation is maintained throughout the implementation phase, including progress reports, meeting minutes, change requests, and other relevant records. Regular project status reports are shared with stakeholders to provide updates on project progress, milestones achieved, and any deviations from the original plan.

❖ **Project Closure :** Once the project objectives are achieved, the implementation phase concludes with a project closure process. Lessons learned are documented, final reports are prepared, and a project review is conducted to evaluate the project's overall success and identify areas for improvement.

Effective project implementation requires strong project management skills, effective communication, collaboration, and the ability to adapt to changing circumstances. By following a systematic and well-defined implementation process, project teams can increase the likelihood of delivering projects on time, within budget, and to the desired quality standards.

20.4 CHARACTERISTICS OF GOOD PROJECT :

Characteristics of a good project can vary depending on the context and specific requirements. However, there are several common characteristics that are often associated with successful projects. Here are some key characteristics:

❖ **Clearly Defined Objectives :** A good project has clear and well-defined objectives that are specific, measurable, achievable, relevant, and time-bound (SMART). Clear objectives provide a clear direction and purpose for the project.

❖ **Comprehensive Planning :** A good project involves thorough planning, including the identification of project activities, resources needed, timelines, and milestones. A detailed project plan serves as a roadmap for successful project execution.

❖ **Stakeholder Engagement :** Effective stakeholder engagement is crucial for a good project. Engaging stakeholders, including project sponsors, team members, and end-users, ensures their active involvement, buy-in, and support throughout the project lifecycle.

❖ **Strong Project Leadership :** Good projects have strong project leadership, with a project manager who possesses excellent communication, decision-making, and problem-solving skills. Effective project leadership ensures proper coordination, motivation, and guidance for the project team.

❖ **Adequate Resources :** Adequate allocation of resources, including human resources, finances, and equipment, is essential for a good project. Sufficient resources help ensure that project tasks are performed efficiently and effectively.

❖ **Risk Management :** A good project incorporates proactive risk management. It involves identifying potential risks, assessing their impact and likelihood, and developing mitigation strategies to minimize the impact of risks on the project's success.

❖ **Effective Communication :** Clear and open communication is a characteristic of a good project. Effective communication ensures that project stakeholders are well-informed, enables effective collaboration among team members, and facilitates timely decision-making.

❖ **Monitoring and Evaluation :** A good project incorporates monitoring and evaluation mechanisms to track project progress, assess performance, and make necessary adjustments. Regular monitoring and evaluation help identify issues and take corrective actions in a timely manner.

❖ **Quality Focus :** A good project emphasizes the delivery of high-quality outputs or deliverables. It includes quality assurance processes to ensure that project outcomes meet the defined quality standards.

❖ **Continuous Learning and Improvement :** A good project promotes a culture of continuous learning and improvement. Lessons learned from previous projects or project phases are documented and applied to enhance future project performance.

These characteristics contribute to the overall success and effectiveness of a project. However, it's important to note that each project is unique, and the characteristics may vary depending on the specific project requirements and industry.

20.5 HOW TO IDENTIFY GOOD PROJECT IDEA :

Identifying a good project idea is essential for the success and impact of a project. Here are some steps to help you identify a good project idea:

❖ **Identify a Problem or Need :** Look for areas or issues where there is a gap or a need that requires attention. This can be done through research, analysis of market trends, or consultation with relevant stakeholders.

❖ **Conduct a Feasibility Assessment :** Evaluate the feasibility of the project idea in terms of resources, budget, time, and technical requirements. Consider if the project is achievable within the given constraints.

❖ **Define Project Objectives :** Clearly define the objectives and intended outcomes of the project. Ensure that the project idea aligns with your organization's mission, vision, and strategic goals.

❖ **Assess Stakeholder Interest :** Identify key stakeholders who would be impacted by or have an interest in the project. Assess their level of support, involvement, and potential collaboration.

❖ **Conduct a Needs Assessment :** Conduct a thorough needs assessment to gather data and insights about the target population or beneficiaries. Understand their specific needs, preferences, and priorities.

❖ **Consider Sustainability :** Evaluate the long-term sustainability of the project idea. Assess if it can be financially viable, scalable, and have a lasting impact beyond the project duration.

❖ **Analyze Risks and Mitigation Strategies :** Identify potential risks and challenges associated with the project idea. Develop strategies and mitigation plans to address and minimize those risks.

❖ **Research Best Practices :** Study successful projects or initiatives in similar domains to gather ideas and best practices. Learn from their experiences and adapt those learning to your project idea.

❖ **Seek Feedback and Input :** Share your project idea with colleagues, experts, and relevant stakeholders. Seek their feedback, suggestions, and input to refine and improve the project concept.

❖ **Conduct a Cost-Benefit Analysis :** Evaluate the potential costs and benefits of the project. Assess the anticipated impact, return on investment, and value proposition of the project idea.

By following these steps and considering various factors, you can identify a good project idea that addresses a relevant problem, aligns with your organization's goals, and has the potential for success and impact.

20.6 SOURCES OF FINANCE FOR PROJECT :

There are various sources of finance for projects, depending on the nature, scale, and requirements of the project. Here are some common sources of finance:

❖ **Self-Funding :** This involves using personal savings or resources to finance the project. It can include personal investments, contributions from project stakeholders, or utilizing personal assets.

❖ **Bank Loans :** Commercial banks and financial institutions provide loans to businesses and organizations for project financing. These loans may be secured (backed by collateral) or unsecured (based on creditworthiness).

- ❖ **Equity Financing :** Equity financing involves raising funds by selling ownership stakes or shares in the project or organization. Investors provide capital in exchange for equity and become partial owners, sharing in the project's profits and losses.
- ❖ **Crowdfunding :** Crowdfunding platforms allow individuals or organizations to raise funds from a large number of people who contribute smaller amounts. It can be done through reward-based crowdfunding, donation-based crowdfunding, or equity-based crowdfunding.
- ❖ **Government Grants and Subsidies :** Governments at various levels may offer grants, subsidies, or financial incentives to support specific projects, particularly in areas of public interest such as research, innovation, social welfare, or environmental sustainability.
- ❖ **Venture Capital :** Venture capital firms invest in projects or startups with high growth potential. They provide financial support in exchange for equity and often offer additional guidance, mentorship, and business expertise.
- ❖ **Angel Investors :** Angel investors are individuals who provide capital to startups or early-stage projects. They typically invest their own funds and offer mentorship and support in addition to financing.
- ❖ **International Funding Institutions :** International organizations such as the World Bank, International Monetary Fund (IMF), and regional development banks provide financing for development projects, especially in low-income and developing countries.
- ❖ **Public-Private Partnerships (PPPs) :** PPPs involve collaboration between the public and private sectors to finance and manage projects. The government and private entities share the risks, responsibilities, and financing for the project.
- ❖ **Microfinance :** Microfinance institutions provide small loans, savings accounts, and other financial services to individuals or small businesses, particularly those who may not have access to traditional banking services.

It's important to note that the availability and suitability of these sources of finance may vary depending on factors such as project size, industry, location, and the project's social or environmental impact. It's advisable to carefully assess the options and seek expert advice to determine the most appropriate sources of finance for your specific project.

20.7 CHALLENGES FACED DURING PROJECT IMPLEMENTATION :

Project implementation can come with several challenges that may hinder progress or impact the success of the project. Here are some common challenges faced during project implementation:

- ❖ **Resource Constraints :** Insufficient resources, such as funding, personnel, equipment, or materials, can pose challenges to project implementation. Limited resources may affect the timely completion of project activities and compromise the quality of deliverables.
- ❖ **Time Management :** Projects often face challenges related to time management, including delays in project activities, missed deadlines, or poor scheduling. Inadequate time management can result in project setbacks and hinder overall progress.
- ❖ **Stakeholder Management :** Managing diverse stakeholders with varying interests, expectations, and levels of involvement can be challenging. Stakeholder conflicts, resistance to change, or lack of stakeholder engagement can impede project implementation.
- ❖ **Scope Creep :** Scope creep refers to the uncontrolled expansion of project scope beyond its original boundaries. Changes in project requirements, additional requests

from stakeholders, or unclear project scope can lead to scope creep, causing budget overruns and delays.

❖ **Communication and Collaboration :** Poor communication and collaboration among project team members and stakeholders can hinder project implementation. Inadequate information sharing, miscommunication, or lack of coordination can lead to misunderstandings, errors, and delays.

❖ **Risk Management :** Identifying, assessing, and managing risks is essential during project implementation. Failure to effectively address risks and develop mitigation strategies can result in project delays, increased costs, or even project failure.

❖ **Technical Challenges :** Projects involving complex technologies, specialized knowledge, or unfamiliar systems can face technical challenges. Insufficient technical expertise, technical glitches, or compatibility issues can affect the smooth implementation of project activities.

❖ **Change Management :** Implementing projects often requires introducing changes to existing processes, systems, or practices. Resistance to change, lack of organizational readiness, or inadequate change management strategies can hinder project implementation.

❖ **Monitoring and Evaluation :** Inadequate monitoring and evaluation of project progress and performance can lead to difficulties in identifying and addressing issues in a timely manner. Lack of reliable data, poor monitoring mechanisms, or ineffective evaluation processes can hamper project implementation.

❖ **External Factors :** External factors such as political instability, economic fluctuations, legal or regulatory changes, or environmental factors can impact project implementation. These factors may be beyond the control of the project team and require adaptive strategies.

Addressing these challenges requires proactive project management, effective communication, stakeholder engagement, risk management, and the flexibility to adapt to changing circumstances. By anticipating potential challenges and implementing appropriate strategies, project teams can enhance project implementation and increase the likelihood of project success.

20.8 OVERCOMING CHALLENGES DURING PROJECT IMPLEMENTATION :

Overcoming challenges during project implementation requires a proactive and strategic approach. Here are some strategies to help overcome common challenges:

❖ **Comprehensive Planning :** Develop a detailed project plan that includes clear objectives, timelines, milestones, and resource allocation. A well-planned project provides a roadmap and helps identify potential challenges in advance.

❖ **Effective Communication :** Foster open and transparent communication among team members, stakeholders, and project sponsors. Ensure that everyone understands their roles and responsibilities, and provide regular updates on project progress.

❖ **Stakeholder Engagement :** Actively involve and engage stakeholders throughout the project lifecycle. Seek their input, address their concerns, and involve them in decision-making. Building strong relationships with stakeholders helps mitigate conflicts and promotes collaboration.

❖ **Risk Management :** Identify and assess potential risks early on and develop mitigation strategies. Regularly review and update the risk management plan throughout the project. Be prepared to address unexpected risks and make necessary adjustments to the project plan.

❖ **Resource Management :** Optimize the allocation and utilization of resources, including finances, personnel, and materials. Monitor resource availability and make adjustments as needed to ensure smooth project implementation.

❖ **Change Management :** Anticipate resistance to change and proactively address it. Implement change management strategies that involve effective communication, training, and support to help stakeholders adapt to changes brought about by the project.

❖ **Monitoring and Evaluation :** Implement robust monitoring and evaluation mechanisms to track project progress, identify issues, and take corrective actions. Regularly review project performance against established metrics and make necessary adjustments.

❖ **Collaboration and Teamwork :** Foster a collaborative work environment where team members can openly share ideas, expertise, and challenges. Encourage teamwork, promote knowledge sharing, and facilitate cross-functional collaboration.

❖ **Continuous Improvement :** Embrace a culture of continuous improvement by learning from past experiences and incorporating lessons learned into future projects. Encourage feedback from team members and stakeholders to identify areas for improvement.

❖ **Flexibility and Adaptability :** Be prepared to adjust project plans and strategies when faced with unexpected challenges or changes in circumstances. Embrace flexibility and adaptability to ensure the project remains on track and aligned with the evolving needs and conditions.

By applying these strategies, project teams can effectively address challenges and increase the chances of successful project implementation. It is essential to maintain a proactive mindset, remain agile, and foster a problem-solving approach throughout the project lifecycle.

20.9 TYPES OF PROJECTS IN SOCIAL WORK :

In social work, various types of projects are undertaken to address social issues, provide services, and bring about positive change in communities. Some common types of projects in social work include:

❖ **Community Development Projects :** These projects aim to empower communities, enhance their social and economic well-being, and promote community participation and self-sufficiency. Examples include initiatives for community infrastructure development, skill-building programs, and community organizing efforts.

❖ **Social Service Programs :** Social service projects focus on providing direct services to individuals and groups in need. These may include projects in areas such as healthcare, education, housing, employment, counseling, and rehabilitation services.

❖ **Advocacy and Policy Projects :** Advocacy projects seek to raise awareness, influence public opinion, and advocate for policy changes that address social issues and promote social justice. These projects often involve research, public campaigns, lobbying efforts, and collaboration with policymakers.

❖ **Research and Evaluation Projects :** Research projects in social work aim to generate knowledge and evidence on social issues, interventions, and program outcomes. These projects involve data collection, analysis, and evaluation of social programs and policies to inform evidence-based practice and policy-making.

❖ **Capacity Building Projects :** Capacity building projects focus on strengthening the skills, knowledge, and resources of individuals, organizations, or communities. These projects may involve training programs, technical assistance, organizational

development, and mentoring to enhance the capacity of social service providers and community-based organizations.

❖ **Social Entrepreneurship Projects :** Social entrepreneurship projects combine business principles with a social mission to address social problems. These projects aim to create sustainable models that generate both social and economic value, such as social enterprises or cooperatives focused on employment generation or poverty alleviation.

❖ **International Development Projects :** International development projects involve working across borders and cultures to address social issues and promote development in disadvantaged regions or countries. These projects may include initiatives related to poverty reduction, education, healthcare, human rights, and sustainable development.

❖ **Crisis Response and Humanitarian Projects :** These projects are designed to provide immediate relief, support, and resources during emergencies or humanitarian crises, such as natural disasters, conflicts, or refugee situations. They often involve emergency response, relief distribution, and psychosocial support.

❖ **Advocacy for Social Change Projects :** These projects aim to challenge systemic injustices, promote equality, and advocate for social change. They may focus on issues such as gender equality, racial justice, LGBTQ+ rights, disability rights, or environmental sustainability.

It's important to note that these are broad categories, and many projects may overlap or encompass multiple types. The specific nature and scope of social work projects can vary depending on the context, target population, and social issues being addressed.

20.10 CHARACTERISTICS OF TYPES OF PROJECTS :

Community Development Projects :

Community development projects possess several key characteristics that distinguish them from other types of projects. These characteristics include:

❖ **Participatory Approach :** Community development projects involve active participation and engagement of community members throughout the project lifecycle. Communities are seen as partners, and their input is sought in project planning, decision-making, and implementation. The participatory approach ensures that the project is responsive to community needs and aspirations.

❖ **Empowerment :** Community development projects aim to empower individuals and communities by enhancing their capacity to identify and address their own needs. The projects promote self-reliance, community ownership, and the development of leadership skills among community members.

❖ **Holistic Perspective :** Community development projects take a holistic approach, considering social, economic, cultural, and environmental dimensions of development. They recognize that community well-being is influenced by various interconnected factors, and interventions need to address multiple aspects simultaneously.

❖ **Sustainable Development :** Community development projects prioritize long-term sustainability and seek to create lasting positive change. They focus on building the capacity of communities to sustain the outcomes of the project even after external support concludes. This may involve promoting local resources, skills development, and creating supportive networks.

❖ **Collaborative Partnerships :** Community development projects often involve collaboration and partnerships among multiple stakeholders, including community-

based organizations, government agencies, non-profit organizations, and private sector entities. These partnerships leverage diverse expertise, resources, and perspectives to maximize project impact.

❖ **Contextual Relevance :** Community development projects are context-specific and responsive to the unique social, cultural, and economic characteristics of the community. They recognize the importance of tailoring interventions to fit the local context and building upon existing community assets and strengths.

❖ **Capacity Building :** Community development projects prioritize capacity building within communities. They aim to enhance the skills, knowledge, and capabilities of community members to effectively address their own needs and drive sustainable development. Capacity building may include training, mentoring, and skill development programs.

❖ **Social Justice and Equity :** Community development projects often have a strong focus on social justice and equity. They aim to address systemic inequalities, promote inclusivity, and ensure that marginalized groups have equal access to project benefits and opportunities.

❖ **Evaluation and Learning :** Community development projects incorporate mechanisms for ongoing monitoring, evaluation, and learning. They encourage reflection, adaptation, and continuous improvement based on feedback from community members and stakeholders.

These characteristics guide the design, implementation, and evaluation of community development projects, fostering a collaborative and empowering approach to bring about positive change at the community level.

Social Service Programs :

Social service programs have specific characteristics that define their nature and approach. Here are some key characteristics of social service programs:

❖ **Focus on Meeting Social Needs :** Social service programs are designed to address social needs and improve the well-being of individuals, families, and communities. They aim to address issues such as poverty, homelessness, mental health, substance abuse, domestic violence, and access to healthcare and education.

❖ **Client- Centered Approach :** Social service programs prioritize the needs and interests of the individuals and communities they serve. They adopt a client-centered approach, considering the unique circumstances, strengths, and preferences of the clients to provide tailored support and services.

❖ **Holistic and Integrated Services :** Social service programs recognize that individuals and communities face interconnected challenges. They often provide holistic services that address multiple dimensions of well-being, including physical, mental, emotional, and social aspects. These programs may offer integrated services that combine various interventions to meet complex needs.

❖ **Prevention and Early Intervention :** Many social service programs focus on prevention and early intervention to address problems before they escalate or become more severe. They aim to identify risks and intervene early to mitigate negative outcomes, promote resilience, and enhance overall well-being.

❖ **Collaboration and Partnerships :** Social service programs often collaborate with other organizations, agencies, and community stakeholders to maximize their impact. They build partnerships to leverage resources, share expertise, and coordinate efforts to effectively address social issues and meet the diverse needs of the population.

❖ **Culturally Competent and Inclusive :** Social service programs embrace cultural competence and inclusivity. They recognize and respect the diversity of the

populations they serve, considering cultural, ethnic, linguistic, and religious factors in service delivery. They strive to provide inclusive and equitable services that are accessible to all individuals.

❖ **Evidence-Informed Practice :** Social service programs aim to incorporate evidence-based practices and research findings into their interventions. They value the use of research and data to inform program design, implementation, and evaluation, ensuring that services are based on proven effectiveness and best practices.

❖ **Client Empowerment and Participation :** Social service programs emphasize client empowerment and participation. They involve clients in decision-making, goal setting, and the planning and implementation of services. They support clients in developing their skills, self-advocacy, and decision-making abilities to promote independence and self-determination.

❖ **Continuous Evaluation and Improvement :** Social service programs embrace a culture of ongoing evaluation and improvement. They regularly assess their effectiveness, outcomes, and impact to ensure accountability, identify areas for improvement, and make necessary adjustments to their services and strategies.

❖ **Ethical Standards and Professionalism :** Social service programs adhere to ethical standards and professional codes of conduct. They prioritize confidentiality, privacy, and the rights and dignity of their clients. They engage qualified and trained professionals who follow ethical guidelines and uphold professional standards.

It's important to note that the characteristics may vary across different social service programs based on their specific focus, target population, and organizational context. Nonetheless, these characteristics provide a foundation for effective and impactful social service programs.

Advocacy and Policy Projects :

Advocacy and policy projects in social work have distinct characteristics that distinguish them from other types of projects. Here are some key characteristics:

❖ **Policy Change Focus :** Advocacy and policy projects aim to bring about changes in policies, laws, regulations, and social systems. They seek to address systemic issues and promote social justice by advocating for policy reforms or creating new policies that benefit marginalized populations.

❖ **Stakeholder Engagement :** These projects involve engaging and mobilizing various stakeholders, including community members, advocacy groups, policymakers, government officials, and other relevant entities. Collaboration and partnership-building are crucial for effective advocacy and policy change efforts.

❖ **Public Awareness and Education :** Advocacy and policy projects often include public awareness campaigns and educational activities to raise awareness about social issues, policy implications, and the need for change. These efforts help mobilize public support and build a broader movement for policy reform.

❖ **Research and Evidence-Based Approach :** These projects rely on research and data analysis to identify social problems, understand their underlying causes, and develop evidence-based policy recommendations. Rigorous research helps strengthen the credibility and impact of advocacy efforts.

❖ **Coalition Building :** Advocacy and policy projects often involve building coalitions and alliances with other organizations, activists, and stakeholders who share similar goals. Coalition-building increases collective influence, amplifies voices, and enhances the chances of successful policy change.

❖ **Lobbying and Advocacy Strategies :** These projects employ lobbying techniques to engage with policymakers, government agencies, and legislative bodies. This may include conducting meetings, presenting research findings, testifying at hearings, writing policy briefs, and organizing advocacy events.

❖ **Monitoring and Evaluation :** Advocacy and policy projects require ongoing monitoring and evaluation to assess the effectiveness of advocacy strategies and policy outcomes. Monitoring may involve tracking policy developments, legislative processes, and changes in public opinion or attitudes.

❖ **Long-Term Impact :** Advocacy and policy projects often have long-term objectives, as policy change processes can be complex and time-consuming. They aim to achieve sustainable, systemic change that has a lasting impact on social issues and the well-being of affected populations.

❖ **Ethical Considerations :** These projects require adherence to ethical standards, including maintaining transparency, respecting the rights and dignity of individuals and communities, and ensuring the accountability of advocates and policymakers.

It's important to note that the characteristics of advocacy and policy projects may vary depending on the specific context, target issues, and organizational approaches. Nonetheless, these characteristics highlight the unique nature of projects aimed at influencing policy and driving social change.

Research and Evaluation Projects :

Research and evaluation projects in social work possess certain characteristics that distinguish them from other types of projects. Here are some key characteristics of research and evaluation projects:

❖ **Purpose :** Research and evaluation projects are conducted with the primary purpose of generating knowledge, evidence, and insights. They aim to contribute to the understanding of social issues, interventions, and their impacts. The focus is on gathering data, analyzing information, and drawing conclusions to inform practice, policy, and decision-making.

❖ **Rigor and Methodology :** Research and evaluation projects adhere to rigorous methodologies and established research principles. They employ systematic approaches to data collection, analysis, and interpretation. These projects often involve the use of qualitative and/or quantitative methods, research design, sampling techniques, and appropriate data analysis tools.

❖ **Objectivity and Impartiality :** Research and evaluation projects strive to maintain objectivity and impartiality in their findings and conclusions. The emphasis is on obtaining unbiased information and minimizing the influence of personal biases or vested interests. This helps ensure that the research is credible, reliable, and trustworthy.

❖ **Ethical Considerations :** Research and evaluation projects uphold ethical standards and protect the rights and well-being of participants. They involve informed consent, confidentiality, privacy protection, and the responsible use of data. Ethical considerations are essential to maintain the integrity of the research and ensure the well-being of individuals or communities involved.

❖ **Systematic Data Collection :** Research and evaluation projects involve systematic data collection methods, which can include interviews, surveys, observations, focus groups, or document analysis. These projects pay attention to data quality, validity, and reliability, ensuring that the data collected is relevant to the research questions or evaluation objectives.

❖ **Data Analysis and Interpretation :** Rigorous data analysis techniques are applied to research and evaluation projects to make sense of the collected data. Statistical analysis, qualitative coding, or other analytical approaches are used to identify patterns, themes, and relationships in the data. The findings are then interpreted and presented in a clear and meaningful manner.

❖ **Evidence-Based Practice :** Research and evaluation projects contribute to evidence-based practice in social work. They provide empirical evidence and insights that inform the development and improvement of interventions, policies, and programs. The findings help practitioners and policymakers make informed decisions and adopt strategies that have been shown to be effective.

❖ **Continuous Learning and Improvement :** Research and evaluation projects foster a culture of continuous learning and improvement. They encourage reflection on the research process, limitations, and lessons learned. Recommendations for future practice, policy, or research are often included to guide further development and refinement of interventions or programs.

These characteristics ensure that research and evaluation projects in social work are conducted with rigor, integrity, and a focus on generating knowledge that can inform and improve social work practice, policy, and decision-making.

Capacity Building Projects :

Characteristics of capacity building projects in social work include:

❖ **Skill Development :** Capacity building projects focus on enhancing the skills, knowledge, and capabilities of individuals, organizations, or communities. They provide training, education, mentoring, and resources to build specific skills relevant to the target population or sector.

❖ **Empowerment and Participation :** Capacity building projects aim to empower individuals and communities by fostering active participation and decision-making. They promote a sense of ownership, autonomy, and agency, allowing participants to take charge of their own development and contribute to sustainable change.

❖ **Collaborative Approach :** Capacity building projects often adopt a collaborative approach, involving multiple stakeholders, partners, and beneficiaries. They foster partnerships, networking, and knowledge sharing among different organizations and individuals, promoting collective learning and cooperation.

❖ **Sustainability Focus :** Capacity building projects prioritize long-term sustainability by strengthening the capacity of individuals and organizations to continue their work beyond the project duration. They aim to create lasting impact by building self-sufficiency, resourcefulness, and resilience in the target groups.

❖ **Continuous Learning and Adaptation :** Capacity building projects embrace a culture of continuous learning and adaptation. They encourage reflection, feedback, and ongoing improvement to respond to changing needs, emerging challenges, and evolving contexts. This characteristic ensures that capacity building efforts remain relevant and effective over time.

It is worth noting that these characteristics can vary depending on the specific context and objectives of the capacity building project. The ultimate goal is to empower individuals and organizations to become self-reliant, maximize their potential, and contribute to positive social change.

Social Entrepreneurship Projects :

Characteristics of social entrepreneurship projects in social work include :

❖ **Social Impact Focus :** Social entrepreneurship projects in social work are driven by a clear social mission and a desire to create positive social change. They prioritize addressing social issues and improving the well-being of individuals, communities, or marginalized groups.

❖ **Innovative Solutions :** Social entrepreneurship projects seek to tackle social problems through innovative and sustainable approaches. They often challenge traditional models and develop creative solutions that have the potential for long-term impact. These projects may involve new service delivery models, business strategies, or technological innovations.

❖ **Financial Sustainability :** Social entrepreneurship projects aim to achieve financial sustainability while fulfilling their social mission. They strive to generate revenue through their activities, such as sales of products or services, and reinvest those profits back into the organization to support its social objectives. Financial sustainability ensures the longevity and scalability of the project's impact.

❖ **Collaboration and Partnerships :** Social entrepreneurship projects recognize the importance of collaboration and partnerships to maximize their impact. They often collaborate with stakeholders, including government agencies, nonprofits organizations, local communities, and businesses. These partnerships help leverage resources, expertise, and networks to address social challenges more effectively.

❖ **Measurement of Social Impact :** Social entrepreneurship projects emphasize the measurement and evaluation of their social impact. They adopt outcome-focused approaches and use data and evidence to assess the effectiveness of their interventions. These projects set clear social impact goals and monitor progress towards achieving them, allowing for continuous improvement and accountability.

It's worth noting that the characteristics of social entrepreneurship projects may vary depending on the specific context and focus area of social work. However, these characteristics generally reflect the key elements of social entrepreneurship that aim to create sustainable social change while addressing social issues.

International Development Projects :

❖ **Global Perspective :** International development projects in social work have a global perspective, focusing on addressing social issues and promoting development in disadvantaged regions or countries beyond national boundaries. They involve understanding and responding to the unique cultural, economic, political, and social contexts of different countries or regions.

❖ **Collaboration and Partnerships :** International development projects emphasize collaboration and partnerships with local stakeholders, governments, non-governmental organizations (NGOs), and community members. They recognize the importance of local expertise, cultural sensitivity, and community engagement to ensure the relevance, effectiveness, and sustainability of interventions.

❖ **Holistic Approach :** International development projects in social work often take a holistic approach, addressing multiple dimensions of development, including economic, social, environmental, and cultural aspects. They aim to tackle interconnected issues and promote sustainable development by considering the social, economic, and environmental impacts of interventions.

❖ **Capacity Building :** International development projects prioritize capacity building efforts to empower local communities and institutions. They focus on enhancing the skills, knowledge, and resources of individuals, organizations, and communities to

promote self-sufficiency, local ownership, and long-term sustainability of interventions.

❖ **Cross-Cultural Competence :** International development projects require cross-cultural competence, as they involve working with diverse populations and navigating cultural differences. Social workers engaged in international development projects need to be culturally sensitive, respectful, and adaptive to effectively engage with local communities and address their unique needs and challenges.

These characteristics help shape the nature and approach of international development projects in social work, ensuring they are contextually relevant, sustainable, and respectful of local cultures and perspectives. They promote collaboration, capacity building, and long-term impact, aiming to address social inequalities and improve the lives of individuals and communities in disadvantaged regions or countries.

Crisis Response and Humanitarian Projects :

❖ **Urgency and Timeliness :** Crisis response and humanitarian projects require a sense of urgency and the ability to act quickly in response to emergencies. These projects aim to provide immediate relief, support, and resources to individuals and communities affected by crises such as natural disasters, conflicts, or refugee situations.

❖ **Flexibility and Adaptability :** Crisis situations often present unpredictable and rapidly changing circumstances. Projects in this area require flexibility and the ability to adapt to evolving needs and challenges. They may involve adjusting plans, reallocating resources, and quickly responding to emerging priorities.

❖ **Collaboration and Coordination :** Effective crisis response and humanitarian projects require strong collaboration and coordination among multiple stakeholders, including government agencies, non-governmental organizations, local communities, and volunteers. Collaboration helps ensure that efforts are well-coordinated, resources are maximized, and duplication is minimized.

❖ **Focus on Basic Needs and Protection :** Crisis response and humanitarian projects prioritize meeting the basic needs of affected populations, such as food, water, shelter, healthcare, and protection from harm. These projects aim to ensure the safety, well-being, and dignity of individuals and communities during times of crisis.

❖ **Psychosocial Support and Resilience :** In addition to immediate relief, crisis response and humanitarian projects recognize the importance of addressing psychosocial needs and promoting resilience among affected populations. They may involve providing counselling, mental health support, and community-based interventions to help individuals and communities recover and build resilience in the face of adversity.

It's important to note that the characteristics of crisis response and humanitarian projects may vary depending on the specific crisis and context. However, these five characteristics generally reflect the core principles and practices that guide effective and ethical responses in social work.

Advocacy for Social Change Projects :

Characteristics of Advocacy for Social Change Projects in social work:

❖ **Goal-oriented :** Advocacy for social change projects in social work are driven by specific goals and objectives aimed at addressing social issues, promoting equality, and bringing about positive change. These projects are focused on creating tangible outcomes and influencing policy, systems, and attitudes.

❖ **Empowerment and Participation :** These projects prioritize the empowerment of individuals and communities affected by social issues. They involve the active participation and engagement of those impacted, allowing them to voice their concerns, experiences, and aspirations. Advocacy projects strive to amplify marginalized voices and ensure their inclusion in decision-making processes.

❖ **Collaborative and Strategic :** Advocacy for social change projects often require collaboration and strategic partnerships. They bring together various stakeholders, including individuals, organizations, community groups, and policymakers, to collectively advocate for change. These projects leverage the power of collective action and employ strategic approaches to influence policies and systems.

❖ **Evidence-based :** Advocacy projects in social work are rooted in evidence-based practices and data. They involve conducting research, collecting relevant data, and utilizing evidence to support the case for social change. This evidence helps strengthen advocacy efforts, shape policy discussions, and enhance the credibility of the proposed solutions.

❖ **Long-term and Sustainable :** Advocacy for social change projects recognize that achieving meaningful and lasting social change requires long-term commitment and sustainability. These projects go beyond short-term interventions and seek to create systemic change. They involve continuous monitoring, evaluation, and adaptation to ensure the sustainability and effectiveness of advocacy efforts.

It's important to note that these characteristics may vary depending on the specific context, social issue, and goals of the advocacy project. The nature of advocacy work is dynamic and responsive to the ever-changing social and political landscape, requiring flexibility and adaptability in its approach.

20.11 RELEVANCE OF PROJECT IMPLEMENTATION IN SOCIAL WORK :

Project implementation is highly relevant in the field of social work for several reasons :

❖ **Addressing Social Issues :** Project implementation allows social workers to actively engage in addressing social issues and challenges faced by individuals, families, and communities. It provides a structured approach to deliver targeted interventions and support services that can bring about positive change.

❖ **Service Delivery :** Project implementation ensures the effective and efficient delivery of social work services. It helps social workers plan, organize, and execute interventions that meet the specific needs of individuals and communities, whether it's providing counseling, advocacy, healthcare, education, or other forms of support.

❖ **Outcome Orientation :** Project implementation emphasizes achieving desired outcomes and measurable impacts. Social work projects are designed to bring about positive changes in people's lives, such as improved well-being, increased access to resources, enhanced social inclusion, or reduced social inequalities.

❖ **Collaboration and Partnership :** Project implementation often involves collaboration and partnership with various stakeholders, including community members, organizations, government agencies, and other service providers. This collaborative approach helps leverage resources, expertise, and collective efforts to maximize the impact of social work interventions.

❖ **Monitoring and Evaluation :** Project implementation incorporates monitoring and evaluation mechanisms to assess the effectiveness and efficiency of interventions. Social workers can gather data, track progress, and evaluate the outcomes of their projects, enabling them to make evidence-based decisions, learn from experiences, and continuously improve their practice.

❖ **Advocacy and Social Change :** Project implementation provides a platform for social workers to advocate for social change and influence policies and systems. By implementing projects that demonstrate the effectiveness of innovative approaches or highlight social issues, social workers can advocate for policy reforms, social justice, and equitable resource allocation.

❖ **Capacity Building :** Project implementation facilitates capacity building efforts, both within social work organizations and the communities they serve. Through projects, social workers can enhance their skills, knowledge, and competencies while empowering individuals and communities to become active participants in their own development..

Overall, project implementation is essential in social work as it enables social workers to effectively respond to social issues, deliver targeted services, achieve desired outcomes, collaborate with stakeholders, advocate for change, and build the capacity of individuals and communities. It ensures a structured and systematic approach to social work practice, increasing the likelihood of positive and sustainable impact.

20.12 SUMMARY :

Overall, project implementation is the phase where plans and ideas come to life, enabling social workers to make a tangible difference in the lives of individuals and communities. It requires collaboration, monitoring, adaptation, and a commitment to achieving the desired outcomes while upholding ethical standards and best practices in social work.

20.13 KEY WORDS :

1. Project,
2. Implementation,
3. Social work,
4. Development,
5. Relevance

20.14 EXERCISE :

1. Define project implementation and explain steps involved in project implementation.
2. Describe characteristics of good project.
3. Elucidate challenges faced during project implementation and how to overcome them
4. What are types of projects in social work and explain relevance of project implementation in social work?

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Prof. K. Dhanalakshmi

301SW21

Model Question Paper

M.A (Social Work)

ACHARYA NAGARJUNA UNIVERSITY

CENTER FOR DISTANCE EDUCATION

SEMESTER-III

MANAGEMENT OF ORGANIZATIONS

Time: Three Hours   Maximum:70 Marks

Answer any five questions

All questions carry equal marks

1. Discuss the nature and design of human service organizations.

2. Explain significance of human service organizations in response to social needs.

3. Write an essay on establishment.

4. Examine the salient features of The Societies Registration Act, 1860.

5. Discuss the role of Boards in administration of human service organizations.

6. Communication play a vital role in management of human service organizations.

7. Write an essay on financial management.

8. Explain the various sources of finance.

9. Discuss the role of corporate social responsibility in financial management of human service organizations.

10. Examine the elements of project planning.

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