

Public Management

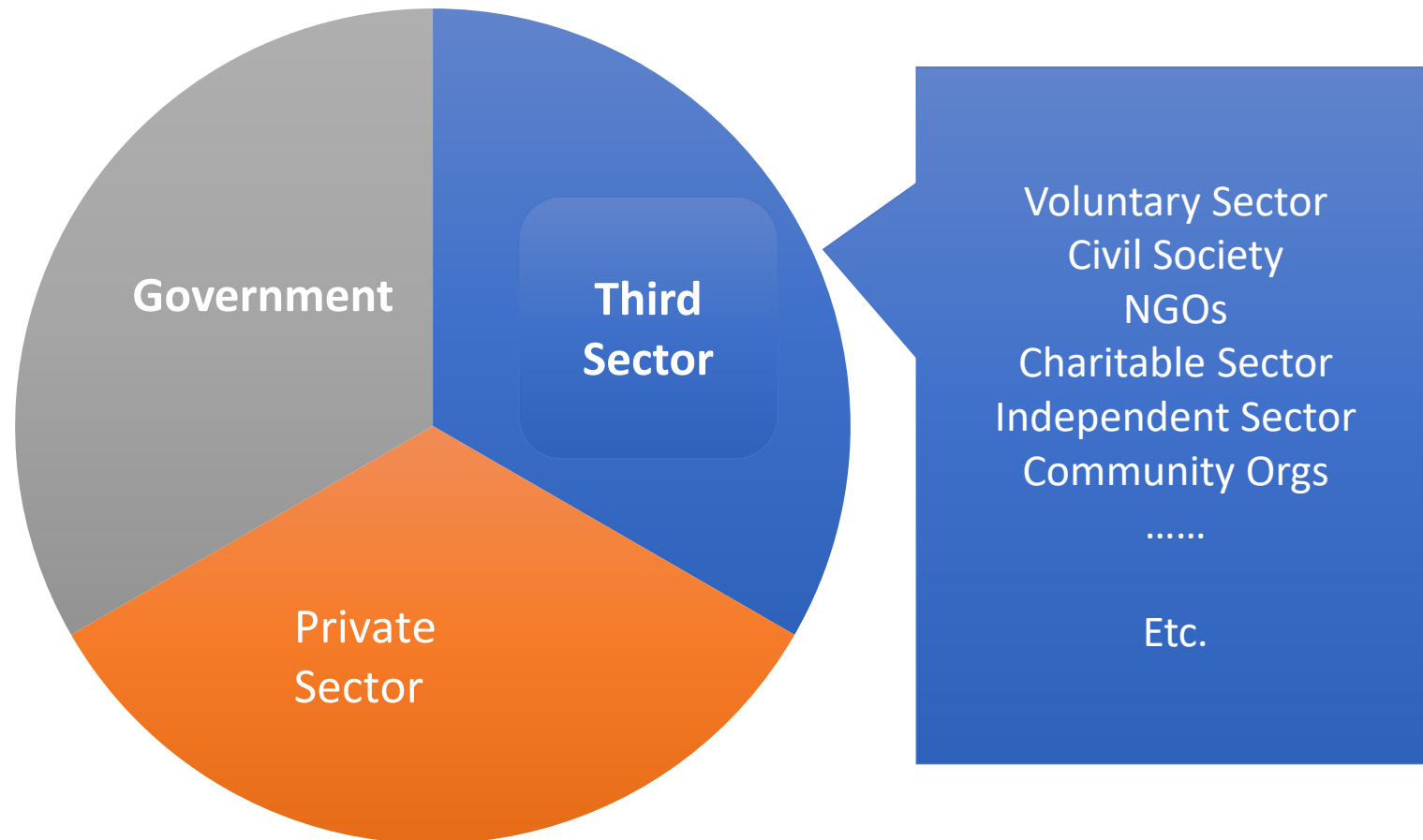
PA 2020

Session 14 – Nonprofit
Management

Nonprofit Organizations (NPOs)

- Nonprofit organizations (also known as civil society or non-governmental organizations) are **private, voluntary** organizations that are **self-governed** and **legally** required to apply surplus (profit) to the pursuit of their mission rather than distributing it to members, officers or directors (Anheier, 2014).
- Past three decades – significantly grew worldwide (socio-economic importance).
- Indispensable providers of social, healthcare, educational and cultural services.
- Significantly share overall employment and economic value generation (Salamon et al., 1999)
- Civic participation, social engagement, giving voice to minority interests, promulgate values.

Nonprofit Orgs



“Co-Production”

- The mix of activities that both public service agents and citizens contribute to the provision of public services.



- Public safety, security, education, recreation, environment, etc.

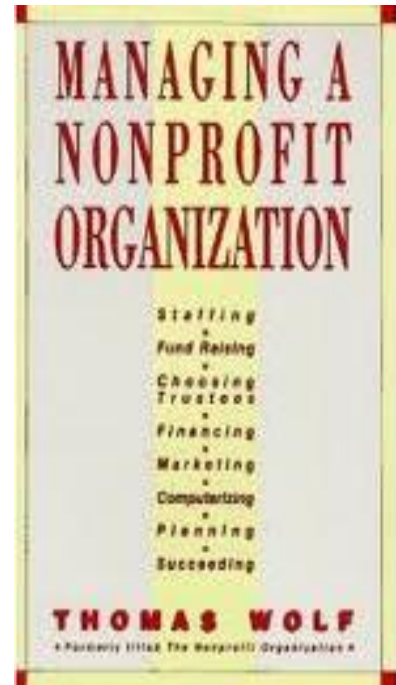
Elinor Ostrom (1990)



- **No market** can survive without extensive public goods provided by governmental agencies.
- **No government** can be efficient and equitable without considerable input from citizens.
- Co-production is crucial for achieving higher levels of welfare in developing countries, particularly those that are poor.
- Co-production is essential for sustaining current levels of welfare service provision in developed countries.
- But should be more than state-market dichotomy → the third sector

Thomas Wolf's Definition

- Must have a public service mission
- Must be organized as a non-for-profit or charitable corporation
- Governance structures must preclude self-interest and private financial gain
- Usually exempt from paying tax (or tax deduction)
- Must possess **the special legal status** that stipulates gifts made to them are tax deductible



Selected Differences among Three Sectors

	Government	Nonprofit	Business
Objective Functions	Social welfare maximization	Member of client group benefit maximization	Profit maximization
Outputs	Public/collective goods	Club/collective good	Private goods
Resources	Coercive (taxation)	Donative	Commercial
Distribution Criteria	Equity	Solidarity	Exchange
Goals	Complex, ambiguous	Complex, diffuse	Specific, clear
Accountability	Voters	Members	Owners/Shareholders
Participants	Automatic/Coercive	Voluntary	Quasi-voluntary (economic needs)
Motivation	Purposive	Solidary/Purposive	Material

Comparison of concepts

	Statism	Pluralism	Corporatism	“Governance”
Role of State	Authority	Referee	Mediator	Activator
Dominant Orientation	Pursuit of national interest	Pursuit of individual interests	Integrating group conflict interests	Coordinating related interests
Patterns of interaction	Command and control	Competition	Concerted negotiations	Multilateral negotiations
Dominant actors	State actors	+ multitude of interest groups and parties	+ functional peak organizations	+ multitude of stakeholders

Range of governance networks

Geographic Scale	Social Sector		
	Private Sector	Public Sector	Non-profit Sector
International Level	MNC	UN OECD, WTO	International NGOs
National Level	Corporations	National (Federal) Government	National NPOs
State Level	Business	State Govt	State-wide NPOs
Regional Level	Regional business	Regional government	Regional nonprofit organizations
Local Level	Local Business	Local government	Local NPOs Community

Distinctive Functions (Ralph Kramer, 1987)

- Whether collaborating with government or competing with private firms in mixed industries, based on these differences, nonprofits typically perform a set of special roles.

- 1) **Service provider** role (Where government nor business are willing to or is able to).
- 2) **Vanguard** role – Innovation by experimenting with and pioneering new approaches.
- 3) **Value guardian** role – diversity, promoted ethical, religious, ideological, political, cultural, social and other views and preferences.
- 4) **Advocacy** role – Give voice to the minority or particularistic interests.

Typology

	Orientation
Charitable	Need of the poor / disaster relief (feed the hungry, Red Cross, etc.)
Service-oriented	Provision of health, family planning or education (planned parenthood)
Participatory	Self-help project with local people involvement (Habitat for Humanity)
Empowering	Help poor people develop a clearer understanding of social, political, and economic factors (Amnesty Int'l)



*Decree No. 116/2013/ND-CP
(Government, October 4, 2013) and
Decree No. 30/2012/ND-CP
(Government, April 12, 2012), for
example*



NPOs in Developing countries

- NPOs are becoming increasingly important institutions in developing countries.
- (e.g.) Number of international NPOs grew *20-fold* from 1964 to 1998.
- In the 1990s, NPOs grew by an additional 20% and currently (as of 2009), 3,187 NPOs have consultative status with United Nations

Good things about NPOs in Developing Countries

- Independent Bodies: NPOs can assist nations during times of weak governance or corruption.
- Problem-solving oriented: when local authorities and firms are not motivated (e.g. poverty reduction, job creation, etc.).
- Innovative techniques (experienced)
- Preservation of common goods (forest, whale, etc.)
- Teach sustainability techniques to people
- More trustworthy and credible than governments or private firms.

Possible Weakness?

Strength	Weakness
Strong link with grassroots	Lack of Experienced Manpower
Empirical expertise	Limited Financial Assistance
Innovation ability	Focus on Short Range Objective
Democratic Work culture	Political Influence
Cost Effectiveness	Legal Obligations
Long Term Commitment	High Corruption Rate

Faith-Based Organizations?

- Faith-Based Organizations? – Registered or unregistered nonprofit institutions that have a religious character or mission.
- In the context of U.S. – Large American faith-based relief and development organizations involved in reducing hunger and poverty in developing countries.
 - Adventist Relief and Development Agency (120 countries)
 - Catholic Relief Services (99 countries)
 - Food for the Hungry International (46 countries)
 - World Vision (100 countries)



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What is good thing about FBOs?

- Case Study (Northern Nigeria)
- FBOs already have existing infrastructure – partnership with churches, mosques, temples, etc. → have been used as entry points to deliver public services and engage in development activities.
- In times of emergency of disaster – understanding culture, geography, ethnicity, etc. are essential to save lives.
- Loyal groups/followers – have a unique advantage in delivering appropriate and scientifically proven development messages to needy communities.

Vietnamese NPOs common challenges?

- Reading: Weak Board Governance, Fundraising, Impact Evaluation, Weak strategic thinking, weak strategic management.
- In your view, what are Vietnamese NPOs common challenges?