



Theses and Dissertations

2004-07-21

The Organizational Analysis of Non-Governmental Development Organizations (NGDOs)

Urelmaa Tsolmon
Brigham Young University - Provo

Follow this and additional works at: <https://scholarsarchive.byu.edu/etd>



Part of the [Business Administration, Management, and Operations Commons](#)

BYU ScholarsArchive Citation

Tsolmon, Urelmaa, "The Organizational Analysis of Non-Governmental Development Organizations (NGDOs)" (2004). *Theses and Dissertations*. 177.
<https://scholarsarchive.byu.edu/etd/177>

This Thesis is brought to you for free and open access by BYU ScholarsArchive. It has been accepted for inclusion in Theses and Dissertations by an authorized administrator of BYU ScholarsArchive. For more information, please contact scholarsarchive@byu.edu, ellen_amatangelo@byu.edu.

THE ORGANIZATIONAL ANALYSIS OF NON-GOVERNMENTAL
DEVELOPMENT ORGANIZATIONS (NGDOs)

by

Urelmaa Tsolmon

A thesis submitted to the faculty of

Brigham Young University

in partial fulfillment of the requirement for the degree of

Master of Arts, International and Area Studies

David M. Kennedy Center for International Studies

Brigham Young University

July 2004

Copyright © 2004 Urelmaa Tsolmon

All Rights Reserved

BRIGHAM YOUNG UNIVERSITY

GRADUATE COMMITTEE APPROVAL

of a thesis submitted by

Urelmaa Tsolmon

This thesis has been read by each member of the following graduate committee and by majority vote has been found to be satisfactory.

Date

Dr. Christopher Meek, Chair

Date

Dr. Kate Kirkham

Date

Dr. David A. Whetten

BRIGHAM YOUNG UNIVERSITY

As Chair of the candidate's graduate committee, I have read the thesis of Urelmaa Tsolmon in its final form and have found that (1) its format, citations, and bibliographical style are consistent and acceptable and fulfill university and department style requirements; (2) its illustrative materials including figures, tables, and charts are in place; and (3) the final manuscript is satisfactory to the graduate committee and is ready for submission to the university library.

Date

Dr. Christopher Meek
Chair, Graduate Committee

Accepted for the Department

Emily Powers
Graduate Coordinator

Accepted for the College

Jeffrey F. Ringer
Dean, David M. Kennedy Center

ABSTRACT

THE ORGANIZATIONAL ANALYSIS OF NON-GOVERNMENTAL DEVELOPMENT ORGANIZATIONS (NGDOs)

Urelmaa Tsolmon

David M. Kennedy Center for International Studies

Master of Arts, International and Area Studies

This paper uses the current organizational ecology theory to clearly define organizational population ecology constructs of non-governmental development organizations, and offers specific terminology and understanding of main organizational forms and relational dynamics that define the population ecology of these organizations. The paper examines closely the significance of such interaction and interdependence through transactional relationship of obtaining and distributing of resources and forces of competition. Original organizational theory frameworks are offered for future NGDO organizational research.

ACKNOWLEDGMENTS

I would like to give many thanks to people who have continually supported and never lost faith in my work. I would like to express my deepest gratitude for the constant support, love and strength provided by my husband Sod and children Temuulen and Misheel. I am deeply indebted to my thesis Committee Chair Dr. Chris Meek and Committee Members Dr. Kate Kirkham and Dr. David Whetten for their diligent guidance and unrelenting patience. Their undying support has enabled me to complete this work. I am also grateful to the Kennedy Center for International and Area Studies and the Organizational Behavior Department at the Marriott School of Management for the opportunity to do this research.

**THE ORGANIZATIONAL ANALYSIS OF NON-GOVERNMENTAL
DEVELOPMENT ORGANIZATIONS (NGDOs)**

LIST OF TABLES.....	viii
LIST OF FIGURES.....	ix
INTRODUCTION.....	1
Organizational Study of NGDOs.....	2
CHAPTER 1. NON-GOVERNMENTAL DEVELOPMENT ORGANIZATIONS (NGDOS).....	7
History of NGOs.....	7
Definitions of NGOs.....	11
Business Sector and Not-for-Profit Sector.....	13
NGDOs as a subset of the Not-for-Profit Sector.....	17
CHAPTER 2. POPULATION LEVEL OF ORGANIZATIONAL ANALYSIS.....	24
Different Levels of Organizational Analysis.....	24
CHAPTER 3. POPULATION OF NGDOS.....	26
A Working Definition of an Organizational Population.....	26
Services and NGDO Organizational Forms.....	29
<i>NGDO Services</i>	30
NGDO Boundaries and Competition Theory.....	40
<i>Niche Theory</i>	42
<i>Specialist and Generalist NGDOs</i>	43
Resource Transaction Relationship.....	44
Model of NGDO forms by Donor Types.....	50
Specialist and Generalist NGDOs.....	53
CHAPTER 4. CONCLUSION.....	55
Contributions to Theory and Research.....	57
Implications for Practice.....	58
Future Research.....	59
REFERENCES.....	60
APPENDIX A. THE INTERNATIONAL CLASSIFICATION OF NONPROFIT ORGANIZATIONS.....	64
APPENDIX B. THE NOT-FOR-PROFIT SECTOR.....	66

LIST OF TABLES

TABLE 1. COMPLEMENTARY LOCAL INSTITUTIONS, BY SECTOR.....	18
TABLE 2. CLASSIFICATION OF SERVICE SYSTEMS BASED ON CUSTOMER CONTACT	33
TABLE 3. SERVICES CLASSIFICATION	34
TABLE 4. NGDO SERVICES CLASSIFICATION.....	35
TABLE 5. NGDO ORGANIZATIONAL FORMS.....	51
TABLE 6. NGDO ORGANIZATIONAL FORMS, BY DONOR AND ACTIVITY	54

LIST OF FIGURES

FIGURE 1. ORGANIZATIONAL SECTORS.....	20
FIGURE 2. SERVICES CONTINUUM	32
FIGURE 3. NGDO MODEL	45
FIGURE 4. BUSINESS MODEL.....	47

The Organizational Analysis of Non-Governmental Development Organizations (NGDOs)

Introduction

Since the 1940s the prominence and participation of non-governmental organizations (NGOs) in international governance has been rapidly increasing. In the past two decades, especially, NGOs have established themselves as a distinctive type of organization with the specific purpose of increasing public welfare. NGOs are private, self-governing, not-for-profit organizations involved in development, human rights and social change (Lewis, 2001, pp. 36-38). These organizations are not-for-profit and charitable by nature, which distinguishes these organizations from businesses whose goal it is to earn profit from their activities.

Non-governmental development organizations (NGDOs) are NGOs that are involved in international development activities in third-world countries (Lewis, 2001). NGDOs provide financial, medical, educational, and other services to areas of the world where local governments and communities are unable to provide these services for their people, or to disaster-stricken areas where emergency food and medical supplies and services are urgently needed.

While the study of NGDO organizations has been progressing, there have not been serious attempts to study NGDOs from an organizational perspective. Literature on management and organizational studies has been primarily focused on for-profit organizations. Organizational studies are predominantly focused and found its roots in the study of business organizations. For example, because the organizational research has been fairly limited to business organizations, the assumptions that are made about organizations do not necessarily reflect the nature of NGDO organizations.

Most organizational and managerial research on NGDOs has relied upon adapted business theories instead of developing a theoretical framework of organizational analysis. Further, a lack of consensus on how to classify NGDOs creates significant problems of studying NGDOs (Vakil, 1997). Without a useful framework to define and classify NGDOs, meaningful theoretical discussions cannot take place, and observations about the behavior of NGDOs concluded from empirical research cannot be generalized to other NGDOs. Because knowledge cannot be generalized, it is impossible to build a theoretically solid body of knowledge. Therefore, NGDO organizational studies have lagged significantly behind the mainstream organizational research and many unanswered questions plague researchers and practitioners alike.

This paper will study NGDOs from an organizational theory perspective, using the organizational population ecology framework of analysis. Questions such as “How does one define and identify an NGDO organizational population?” “What organizations constitute an NGDO population?” and “How do NGDOs differ organizationally from one another?” will be answered.

Organizational Study of NGDOs

Since the 1980s, nongovernmental development organizations (NGDOs) have been the subject of study in management and organizational research. Puzzled by this new and unique type of organizations, researchers have been trying to understand the functions and operations of these organizations. Various elements of NGDO management and organization have been studied, but only existing business organizational theories that have been adapted or, in some cases, wholly applied to

NGDOs. For example, Boston Portfolio Matrix developed by the Boston Consulting Group, which identifies an organizational market share and market growth stage, has been adapted for use in not-for-profit organizations (Nutt and Backoff, 1992; Gruber and Mohr, 1982). Also, Porter's Five Forces Industry Analysis model has been adapted by Oster in studying not-for-profit organizations (1995). Researchers have noticed major incongruence when applying organizational models, but so far few attempts have been made to actually determine the cause of such incongruence.

A recent upsurge of management and organizational studies literature of nongovernmental organizations has claimed that NGOs and NGDOs are a unique type of organizations requiring its own set of organizational and management principles. Because organization and management are two distinct areas of inquiry, the study of organizations must be distinguished from the study of management.

Management studies primarily attempt to answer questions of how to manage a given organization and focus on managerial practices rather than on particular organizations. Management research is mainly concerned with the efficiency and effectiveness of organizations. How to achieve desired results and motivate individuals to perform as desired are examples of the types of questions that management science attempts to answer. Most of the NGO management literature deals with the appropriateness of business management principles, adapted or otherwise, to NGOs and development of NGO management principles. NGO organizational study has been largely unexplored.

Organizational principles, on the other hand, use an organization or groups of organizations as the subject of study. Organizations can be studied on many levels of analysis, which are primarily determined by these dependent variables:

1. Individual behavior and attitudes within an organization
2. The functioning or characteristics of some aspect or segment of organizational structure
3. The characteristics or actions of the organization viewed as a collective entity (Scott 1981)

Since NGOs have not been studied extensively as organizations, it is imperative to understand organizational similarities and differences between NGOs and other types of organizations before one explores management issues of NGOs. The resolution of whether or not NGOs should build on and adapt business organizing and managerial models and practices will be determined by whether NGOs and business organizations are similar in their organizational principles, and what their similarities and differences are. Identification of differences, similarities, and unique characteristics of NGDOs in comparison to business will allow further development of organizational study of these organizations. In this paper I will take an organizational ecology perspective of studying NGDOs as organizational entities.

As the number of NGDOs has increased dramatically in the past few decades, both managers and organizational researchers have raised questions about the management and effectiveness of these organizations. Scholars and practitioners have attempted to provide answers to these questions, but there is no solid foundational body of theoretical work on NGDOs that can be used to address various organizational

questions about these organizations. Research in this area has been slowed down by the lack of agreement on how to classify the diverse organizational forms of NGDOs.

A classification taxonomy would provide a very useful framework for understanding NGDOs and enable generalization of such knowledge to the whole not-for-profit sector. However, researchers have had a real challenge in trying to classify NGDOs into clearly defined categories of function, level of involvement, and geographical location and gain consensus on how to classify these organizations (Charlton and May, 1995; Gordenker and Weiss, 1995; Salamon and Anheier, 1992; Vakil, 1997). The main challenges of such endeavors come from classifying NGDOs descriptively rather than analytically. For example, Vakil (1997) identified descriptive functions of NGDOs:

1. **Relief and Welfare:** provide for the basic needs of disadvantaged people, often in response to natural disasters and war conditions.
2. **Development:** target people's ability to provide for own needs and reduce dependency.
3. **Advocacy:** influence a larger policy and building social support for certain issues.
4. **Development Education:** providing citizens of industrialized countries with information about development issues such as global inequity and debt.
5. **Networking:** support other NGDOs by providing them with necessary information and technical support.

6. **Research:** engage in research activities that eventually add to the overall development knowledge and provides sound development methodology.

Vakil's classification is purely descriptive, outlining different activities NGDOS can be engaged in. However, this classification does not offer a useful framework for researchers to distinguish one NGDO from one another. For example, are NGDOs that deliver emergency medical supplies to war zones similar to NGDOs that provide microfinance services to village communities? This classification also fails to answer questions such as how can an NGDO dedicated to children's educational efforts in third-world countries achieve organizational effectiveness? What main organizational principals do these organizations function on? Which NGDOs may benefit from an organizational study of an advocacy NGDO? Further, where would NGDOs that are engaged in two or more of the above categories of activities at the same time classified? Without understanding similarities and differences between NGDOs, it is hard to answer the above questions. Even if one could answer these questions in a case study, it would be hard to disseminate the resulting knowledge and understanding into theoretical inquiry and practical recommendations pertaining to other NGDOs. In other words, without a sound theoretical understanding of NGDOs, it is impossible to generalize knowledge.

The difficulty in determining how to classify organizational types of diverse NGDOs without a solid theoretical framework impedes research and building knowledge in this area. The purpose of my research is to examine the diversity of organizational forms in the NGDO organizational community and determine how current organizational theory helps build a theoretical framework for studying NGDOs.

This paper will use the current organizational ecology theory to define organizational population ecology constructs of non-governmental development organizations and offer specific terminology of main organizational forms, and relational dynamics that define the population ecology of these organizations. The significance of such interaction and interdependence will then be closely examined in terms of how resources are obtained and distributed and what competitive forces are present.

First, in Chapter 2 I will review the history of NGO and NGDO involvement in international development, take an extensive look at NGDO definitions and evaluate NGDOs as a subset of the private sector. Next, in Chapter 3, different levels of organizational analysis will be examined. Then, in Chapter 4, population level of analysis will be explored and a definition of NGDO organizational population will be developed. I will also identify NGDO organizational forms in terms of the service classification model and use the niche theory to determine NGDO population boundaries and NGDO forms by donor types. Finally, in Chapter 5, we will discuss how our findings make a contribution to NGDO organizational research, implications for practitioners, future research opportunities and offer conclusions.

Chapter 1. Non-Governmental Development Organizations (NGDOs)

History of NGOs

Non-governmental organizations have been involved in various value-based activities since the eighteenth century. These organizations evolved from slave trade opposition and labor unions to groups lobbying within international organizations, such as agencies of the United Nations. The history of NGOs and their involvement in

international involvement dates back to as early as thirteenth century. The development of NGOs throughout the history can be classified into several stages (Charnovitz, 1997).

Emergence: 1775-1918

In this period issue-oriented NGOs emerged as result of actions taken by people who wanted to influence policymaking in areas such as slave trade, international peace, and worker solidarity. Around the mid-nineteenth century, NGOs started to cooperate internationally to address common social problems. Anti-slavery societies in the United States, Britain, and France joined their efforts in early nineteenth century and influenced many European governments in passing laws against slave trade. NGOs also played a significant role in creating various international legislations.

During this period, NGOs were able to become highly influential in intergovernmental conferences by representing grassroots movements in an official manner. For example, Eleonore Selenka from Munich brought the right to vote petition signed by millions of women in eighteen different countries to the First Hague Peace Conference convened in 1899.

One of the important changes that took place to foster cooperation between NGOs and governments during the nineteenth century was that governments began to recognize the importance of having public citizens involved in their conferences in order to utilize their expertise in fields such as science and medicine. Similarly, governments also began to participate in privately initiated conferences. One of the advantages of these changes was that multilateral conventions among different nations. Protecting intellectual property, regulating human trafficking in women, controlling narcotics, and preserving

nature were some of the intergovernmental conventions that were heavily influenced and supported by various NGOs.

Engagement: 1919-1934

During this period NGO participation in intergovernmental meetings and conferences became more formalized, and their influence also increased in reach. One of the significant milestones achieved by NGOs during this period was that the League of Nations engaged NGOs in many of its committees and conferences, though not always on a consistent basis. Involving NGOs as mediators when dealing with international issues was widely accepted by governments and private groups. The International Labor Organization (ILO), which made the effective collaboration of governments, workers, and employers possible, had approved forty-four conventions with NGOs by 1934.

Disengagement: 1935-1944

This stage in the development of NGOs can be seen as a period of limited activities. The role played by NGOs in the League of Nations diminished mostly due to increasing bureaucratization of the League secretariat and heightened world tension. NGO activities declined greatly during the World War II.

Formalization: 1945-49

During this period, NGOs helped governments draft Article 71 of the UN Charter, which formalized the role NGOs would have in certain UN activities. This formalization of the NGO participation in worldwide UN functions was a big step toward contributing to international policy making at a greater level than before.

Underachievement: 1950-1971

As the title of this stage suggests, NGOs did not accomplish as much as they could have during this period, partially because of Cold War politics. NGOs contributed to protecting human rights and abolishing prejudice and discrimination, but most of the progress made by NGOs during these two decades was possible through close collaboration with various UN agencies.

Intensification: 1972-1991

The leverage and impact NGOs had on international governance grew significantly to a whole new level. The UN's attitude toward NGO involvement in its conferences became highly positive, and the UN General Assembly started to seek assistance from NGOs to plan international conferences. NGOs like the International Institute for Environment and Development were highly successful in promoting the creation of important treaties addressing environmental issues such as protection of endangered species and conservation of the Antarctic environment. However, human rights and disarmament issues continued to be the main focus of NGO activities in this period.

Since the 1970s NGOs have enjoyed ever-growing influence in the international arena by becoming important actors in development. According to David Lewis, there are four reasons why NGOs have experienced such rapid growth and influence in international development (2001):

1. National governments and centralized mechanisms proved themselves unable to make a significant impact in the fight against poverty. Their systems of planning, implementing and evaluating such activities were inadequate. Further, serious corruption and misuse of aid resources by

- recipient governments and administration had deteriorated the confidence in the system to be able to oversee development activities.
2. The conventional theories of modernization and dependency have become very unpopular, and NGOs' people-centered approach have become more attractive to development theorists and activists.
 3. NGOs have had growing presence among and access to policymakers. NGO advocacy within national governments and international organizations has drawn more attention to their ideology and models.
 4. NGOs offer the seeming balance between state and business by not belonging to either between centralized power or financial power and by maintaining their autonomy from both.

Empowerment: 1992-Present

Increased globalization and economic integration around the world has helped NGOs address global issues at a deeper level than before. The end of the Cold War also made a critical and positive shift away from superpower polarization, which eliminated political barriers for NGOs. Advances in information technology and the emergence of less costly global information exchange has also enabled NGOs gain more visibility in media and obtain increased public support.

Definitions of NGOs

A variety of terms and definitions are used to describe organizations involved in community development, welfare, and other human services functions. The term *not-for-profit organization* is widely used to describe organizations involved in charity and community development work within developed countries. This term is primarily

employed for organizations that have not-for-profit status with the government and includes a wide array of organizations, from universities and community action agencies to hospitals and labor unions. The term *nongovernmental organization (NGO)* usually describes an organization that is involved in economic and social development on many levels (local, regional, national and international). NGOs may include organizations involved in both domestic and international development efforts. Examples of these organizations vary from local community welfare organizations to international disaster relief organizations. Nongovernmental organizations have been defined as “self-governing, private, not-for-profit organizations that are geared to improving the quality of life for disadvantaged people” (Vakil, 1997). The World Bank defines NGOs as “private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development” (Operational Directive 14.70). Thus, the term NGO by itself makes no distinction about the functionality and scope of organizations involved in various efforts to improve the quality of lives of disadvantaged people. Recently, a more precise functional definition emerged for organizations involved in international development. *Non-governmental development organizations* are a subset of the larger NGO group and are involved in international development activities, specifically, development in third-world countries (Fowler, 1997). These organizations may be involved in development efforts in one or more countries, and may be international or indigenous in nature. That is, organizations can originate in developed countries and conduct activities in third-world countries through peripheral and subsidiary operations or can be indigenous in both origin and function—originated within a given third-world country and engage in local

development activities. The focus of this paper is on NGDOs, the nongovernmental development organizations. Given the plethora of definitions, which are sometimes contradictory, it is important to outline where NGDOs belong in the larger system of organizations.

The Business Sector and Not-for-Profit Sector

The not-for-profit sector distinguishes itself from the business sector by legal and resource distributive characteristics. Paton and Cornforth (1992) proposed the following seven distinctions between the business and not-for-profit sectors:

1. **Profit-making versus non-profit-making.** The main motive of not-for-profit organizations is not to make profit.
2. **Indicators of success.** In the business sector, the main indicator of success is the bottom line (financial profit). In not-for-profit organizations, indicators of success are other than the bottom line.
3. **Multiple stakeholders.** Businesses have a narrow range of stakeholders whom they need to satisfy, which mainly includes their customers and shareholders. On the other hand, not-for-profit organizations are expected to satisfy a wider range of stakeholders. These stakeholders include: multiple funders/donors, corporate, statutory, and regulatory bodies, beneficiaries/customers, trustees, volunteers, staff, the media, the community, etc.
4. **Resource acquisition/transaction.** Business and not-for-profit organizations differ in their resource acquisition and transaction activities. Instead of a two-way flow of resources (trading relationship) in the business sector, there is

only a one-way flow of resources in the not-for-profit sector— from the non-profit organization to the customer.

5. **Culture and Values.** It has been suggested that not-for-profit organizations are value-driven and more participative organizations than businesses.
6. **Cooperation versus competition.** The business sector is characterized by competition. It is argued that not-for-profit sector is distinctive by its cooperative nature.
7. **The nature of governance.** In the not-for-profit sector, “the paid staff are generally not permitted by charity law to be members of the governing body, which is therefore made up of unpaid volunteers” (Courtney, 2001). In the business sector, the board is made up of paid directors.

These seven distinctions have traditionally distinguished the business and not-for-profit sectors. However, many real life examples and recent literature suggest that these distinctions are not as clear-cut as outlined.

Profit

The main motive of nonprofit organizations is, as the name indicates, not to make profit. However, it is erroneous to assume that not-for-profit organizations do not earn profits from their activities. There are many nonprofit organizations that engage in pure profit-making activities. However, many not-for-profit organizations engage in making profit, the main distinction between for-profit and not-for-profit organizations is not in whether or not organizations make profit or not, but how these profits are distributed. In the business sector, organizations may directly distribute profits to their stakeholders. Not-for-profit organizations are not allowed to distribute profits or money to anyone with

a beneficial interest in the organization, such as staff, board members, members, etc.

This profit distribution, of course, exempts the salaries of salaried staff and other operational expenses.

Indicators of success

The indicators of success vary depending on an organization's goals and activities. Many business organizations do not prioritize the bottom line as the indicator of success at the expense of other priorities. Also, many business organizations do not have a clear understanding of their success indicators, while many nonprofit organizations have very specific indicators of success, many of which are financial.

Stakeholders

A common misconception is that business organizations have a narrow stakeholder list. Many business organizations indeed have multiple stakeholders. More and more businesses are becoming increasingly socially responsible and engaged in their communities. These businesses may have as many or more stakeholders than some not-for-profit organizations. It is inappropriate to say that one type of organization has more stakeholders than the other.

Transactions

It has been suggested that businesses conduct a two-way transactions while not-for-profit organizations conduct one-way transactions. Business sector engages in a relatively simple trading relationship: a customer buys a product or service and pays the price agreed. However, not-for-profit organizations may engage in more complex trading relationships that involve more than two parties. For example, donors channel finances and resources through a not-for-profit organization and demand some sort of return on

investment in terms of certain program requirements, publicity, etc. The not-for-profit uses the resources to provide products or services to beneficiaries, who in turn, usually inherently have little bargaining power.

Values

The argument that the not-for-profit sector is more value-based and value creating fails because there are many organizations in the business sector that are value-based and create public value in their activities. Further, there is no evidence that activity in not-for-profit organizations is any less self-interested than in the business sector (Richardson and Goodman, 1983).

Competition

Not-for-profit organizations often have to compete for the same resources, customers, and geographic areas. Many businesses are involved in strategic alliances and partnerships with their competitors and other organizations. Probably the main unique feature of not-for-profit organizations is their vast cooperation with organizations from sectors that are not their own. Oftentimes, the success of not-for-profit activities depends on effective networks and collaboration with other organizations just as it does for many business organizations.

It seems that except for a few organizational characteristics of profit distribution, resource acquisition, and governance, not-for-profit organizations are very similar to business sector organizations. Some organizations within the not-for-profit sector resemble business organizations more than others, but in general, the not-for-profit sector has more in common with the business sector than typically thought. For the most part, the traditional distinctions of these two sectors do not seem to hold upon closer scrutiny.

However, there are no significant organizational differences between the two sectors, according to the above analysis, and yet, not-for profit organizational theorists and practitioners are still struggling with adapting business models and theories to NGOs, it must mean that there must be a significant difference between these types of organizations that has not been articulated as clearly. We cannot assume that business and not-for-profit organizations are organizationally similar without further studying the organizational characteristics of not-for-profit organizations.

NGDOs as a subset of the Not-for-Profit sector

A societal sector is defined as a collection of organizations operating in the same domain and influencing performance of the focal organizations (Scott, 1981). The concept of a sector is broader than that of an industry as it involves different types of organizations. Conventionally, all organizations are divided into three sectors. Under this specific classification of all organizations into three sectors, the main distinguishing features of them are in their governance, ownership and resource distribution characteristics. The *business sector*, also known as the *private sector*, includes all organizations that are private, profit-driven, and have the ability to distribute profits to their constituents. This sector includes all business organizations. The *public sector*, includes all organizations that are publicly governed, do not distribute profits, and create public value. Governmental and state organizations belong to the public sector. The *not-for-profit sector*, also commonly known as the *third sector*, includes organizations that are private, do not distribute profits, and involve volunteer work to an extent. Not-for-profit sector organizations are considered to be value-driven and include religious groups, universities, trade unions, clubs, and community organizations.

The private and public sectors were used to distinguish their respective organizations long before the third sector was recognized. The private and public sectors have been distinguished on the basis of organizational ownership and resource distribution. However, the third not-for-profit sector is not distinguished from the private sector given the division of organizational sectors on ownership and governance. NGOs and the whole third sector fall into the “private sector” category due to its private ownership characteristic. As discussed earlier, all organizations within the third sector are privately owned and operated. Because the classification of the organizational

Table 1. Complementary Local Institutions, by Sector

Characteristic	Public Sector		Membership Sector		Private Sector	
	Local Administration	Local Government	Membership Organizations	Cooperatives	Service organizations	Private Enterprises
Orientation	Bureaucratic: agents look upward	Political: agents look downward	Self-help: common interests	Self-help: pooled resources	Charitable: nonprofit	Business: for profit
Role of Individuals	Citizens or subjects	Constituents or voters	Members	Members	Clients and Beneficiaries	Customers and Employees

Source: Uphoff, N. (1996) “Why NGOs Are Not a Third Sector: A Sectorial Analysis with some Thoughts on Accountability, Sustainability, and Evaluation”, in M. Edwards and D. Hulme *Beyond the Magic Bullet: NGO Performance and Accountability in the PostCold War World*, West Hartford: Kumarian Press, p.26.

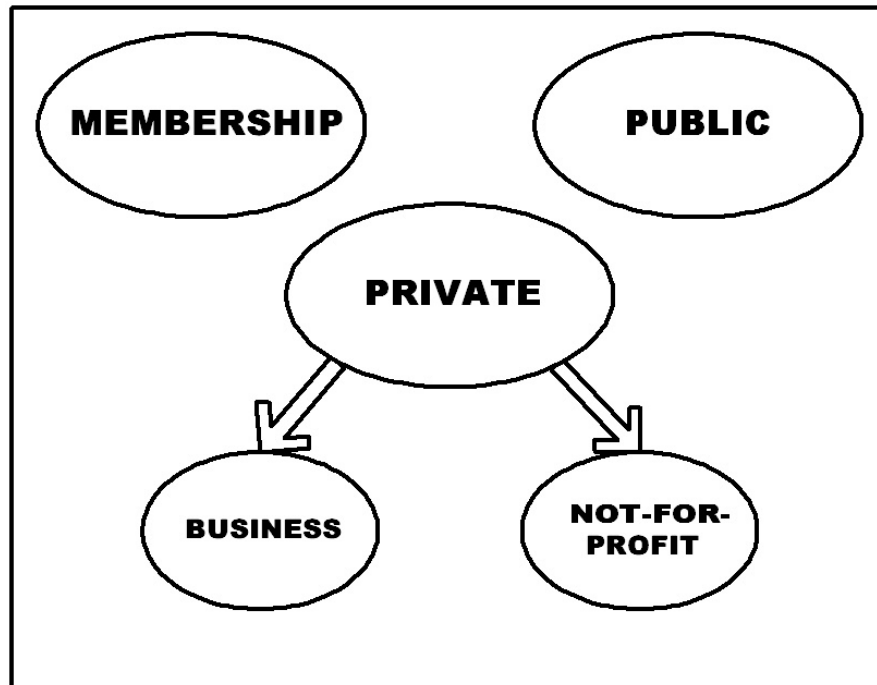
population into different sectors is contingent upon organizational ownership and governance, it is appropriate to categorize the not-for-profit sector as a subcategory of the private sector (see Figure 1).

Norman Uphoff (1996) divides organizations into three sectors: public, membership and private (see Table 1) according to their ownership, orientation and role of individuals (pp. 23-27). His divisions are made on a conceptually correct principle of ownership. While the public sector is publicly governed, the organizations in **the membership sector** are governed by its members, oriented towards self-help, and

responsible to members. On the other hand, NGOs, are privately owned and their orientation is mainly toward their clients and beneficiaries who are not members of their organizations, which, in that extent, makes NGOs similar to businesses that deal with customers. Those belonging to membership organizations have direct relationships with their organizations because they created the organizations and hold their organizations accountable for their actions, whereas NGO beneficiaries and business customers do not have such vested responsibility and involvement in their respective organizations.

Accordingly, Uphoff further states that, “By definition, organizations in the membership and private sectors are nongovernmental. But an examination of *roles* in which people find themselves vis-à-vis these different kinds of institutions— and of their mechanisms for accountability— suggests that NGOs are best considered *a subsector* of the private sector. This is implied by the synonym used for NGOs— private voluntary organizations (PVOs)”. This statement holds true beyond the roles of individuals and mechanisms of accountability in an organization; such conceptualization also has significant organizational implications.

FIGURE 1. ORGANIZATIONAL SECTORS



Conceptualizing not-for-profit organizations as a subset of the private sector brings them under the same umbrella with the business sector. However, the four criteria outlined by Kendall and Knapp (1995) for identifying not-for-profit sector boundaries still apply:

1. **Formal organization.** An entity must be formal, have a structure and constitution or a set of rules, and be formally registered with a public authority.
2. **Self-governance and independence from government.** An entity must be constitutionally and institutionally independent of government and for-profit organizations. It must have its own decision-making structures.

There are some not-for-profit organizations that have been established by

the state for state purposes, but these organizations are generally seen as public sector organizations.

3. **Not profit-distributing and primarily non-business.** An organization may make a profit, but the profit must be put back into the organization, not distributed it to its stakeholders.
4. **Voluntarism.** An entity must benefit to a meaningful degree from philanthropy or voluntary citizen involvement.

Nongovernmental organizations are a part of the not-for-profit sector because as organizations, they are privately run and formally registered with a governmental body. NGOs develop their own decision-making structures and processes and are officially independent of for-profit firms and state agencies. Although some NGOs can engage in profit-making activities, their profits are channeled back into organizational functions of operations and service delivery. Most finances and other resources come from grants and volunteer work. NGDOs can be conceptualized as a subgroup of NGOs within the not-for-profit sector. Now that the whole non-profit sector has been identified as being a part of the private sector, we must continue locating NGDOs within this sector.

The not-for-profit sector includes a diverse set of organizations involved in a variety of activities that constitute social services. These organizations vary in size, operating budgets and functions. The International Classification of Nonprofit Organizations (ICNPO) identifies eleven different groups of not-for-profit organizations across different key areas of involvement (see Appendix A) (Salamon and Anheier, 1993):

1. *Culture and Recreation* group includes media, communication, art, and sports groups such as museums, zoos, historical societies, and sports clubs.
2. *Education and Research* group includes schools and universities of all levels and research organizations.
3. *Health* group consists of hospitals, nursing homes and other medical and health service organizations.
4. *Social Services* group provides various services to different populations and includes child and youth welfare programs, shelters, and emergency and relief material assistance organizations.
5. *Environmental* group includes animal and wildlife protection and conservation and protection organizations.
6. *Development and Housing* group consists of community and neighborhood associations, job training and counseling programs, and economic development organizations.
7. *Law, Advocacy, and Politics* group organizations work to protect and promote civil and other rights or advocate the social and political interests of constituents. Advocacy organizations, ethnic associations, legal services and victim support organizations are classified into this group.
8. *Philanthropic Intermediaries and Voluntarism Promotion* group is involved in charitable activities. Various grant-making foundations and fund-raising organizations are included in this category.

9. *International Activities* group includes organizations that promote greater intercultural understanding between different countries and provide relief and development services abroad. This group includes cultural exchange programs, international human rights and peace organizations, and various international relief and development organizations. Nongovernmental organizations belong in this group.
10. *Religious Organizations* make up this group.
11. *Business and Professional Organization* group promotes, regulates and safeguards business, professional, and labor interests. This group includes labor unions and business and professional associations.

According to the INCPO, NGOs and NGDOs are a subgroup of the International Activities group. NGDOs can be conceptualized as a subset of the not-for-profit sector within the larger group of private organizations, which also includes all business organizations (see Appendix B). The main objective for classifying both business and not-for-profit organizations under one umbrella is to clearly identify the similarities and determine the differences of these two subsectors. Implications of this classification are significant in conceptualizing not only the organizational difference of these two subsectors but also current organizational theory perspective of studying organizations in general.

Business and Not-for-Profit subsectors, being under one umbrella of the Private Sector, have significant similarities in the way these organizations organize. As we have discussed before, most NGDO managerial research is attempting to adapt business models to NGDO context. NGDOs, being in the same Private sector along with

businesses, have important organizational similarities to businesses, which means that business models and theories of organizing might be a good reference for NGDO researchers and practitioners alike. At the same time, there is a reason to distinguish businesses from not-for-profit organizations within this sector. There are major organizational differences between these two subsectors that identify each. The important findings and implication we find for NGDOs as a result of this research will enable generalization of knowledge not only to other NGDOs but also to the whole not-for-profit subsector as well. Knowing how these two subsectors are similar and different through understanding how NGDOs organize will allow to borrow sound business theories and models effectively and also to develop theories and models for the not-for-profit sector as well.

The following is a review of organization ecology theory, which will enable us to identify NGDOs within its organizational ecology and to develop a conceptual framework for studying NGDO population ecology.

Chapter 2. Population Level of Organizational Analysis

Different Levels of Organizational Analysis

Identifying a proper unit of analysis in organizational research is critical. According to Hannan and Freeman (1977, 1989), there are at least five levels of organizational analysis:

1. **Members:** Individuals within an organization. Issues concerning individual motivation, performance and satisfaction are studied.

2. **Subunits:** Teams and departments within an organization. How groups of people work together, intra-departmental and interdepartmental effectiveness, and specialization vs. integration are studied at the subunit level of analysis.
3. **Individual organizations:** Organizations are conceptualized as agents. This level of analysis studies organizations as whole entities instead of looking at different parts. At this level of analysis, organizational effectiveness may be measured against the other organizational players and environmental characteristics evaluated as a factor in organizational performance.
4. **Populations of organizations:** Groups of organizations that are relatively homogenous in terms of environmental vulnerability and organization. This level of analysis looks at the aggregates of organizations that are homogenous in terms of environmental vulnerability and possess similar forms. Within this level of analysis one can distinguish between intra-population dynamics, such as foundings of organizations, density levels, and growth stages and inter-population dynamics, such as inter-population competition for resources and interaction of populations.
5. **Communities (populations) of organizations:** A set of organizational populations whose interactions have a systemic character. This level of analysis usually looks at the aggregate of organizational populations as a set of interacting populations.

The term *organizational ecology* is used for levels 3 to 5, in which it is important to identify a specific level of analysis. For the purpose of this study, we need to focus analysis on the population level. We will examine NGDOs at the level of aggregates of organizations that make up a population. In order to examine NGDO populations, one must define organizational populations and specify the characteristics of an organizational population.

Chapter 3. Population of NGDOs

A Working Definition of an Organizational Population

Organizational populations include “all organizations within a particular boundary that have a common form” (Hannan and Freeman, 1977). These boundaries could be defined by geography, political boundaries, markets, or specific products. The widely used term closest to organizational population is that of an industry. Organizations involved in producing or providing same type of products and services can be considered competitors. However, Hannan and Freeman (1977) caution that populations of organizations are not as stable of a concept as an individual specific organization. Populations of interest might change depending on what is being studied. “Populations of organizations referred to are not immutable objects in nature but are abstractions useful for theoretical purposes”. Therefore, identifying specific populations becomes problematic. The ecological approach suggests identifying organizations according to the extent of organizational vulnerability given environmental variations. Classes of organizations can be identified by their homogeneity in terms of their environmental vulnerability.

As the definition of the population articulates, organizations in a population should not only have some sort of a common boundary, but also have a common organizational form. According to Hannan and Freeman (1977), organizational form is a blueprint of an organization. Organizational form can be inferred from the following elements in an organization:

1. **Formal structure of an organization:** table of organization, rules of operation, etc.
2. **Patterns of activity within an organization:** who does what by when in an organization
3. **Normative order of an organization:** the ways of organizing that are defined as appropriate by both members and relevant sectors of the environment

Now that we have articulated the definition of organizational population, we will determine how to identify organizational populations of NGDOs.

From the previous discussion, we can define an organizational population as all organizations of common form within a specific boundary that are subject to the same environmental variations. However, the definition of a population is missing a concept key to identifying NGDO populations. This concept is the existence of competing organizations within a population. For example, would all NGDOs involved in provision of nutrition and clean water within a specific country be considered a population? Grouping all NGDOs that are involved in a specific activity in a specific country or region as a population is not very intuitive. These organizations may not interact with one another, even if their organizational structures and patterned activities are identical.

These organizations may be similar in terms of their structure and activities and face the same political environments, but they might coexist in the same area with no knowledge of the other and bear no consequences for one another.

Competition is critical to understanding NGDO organizational population.

Without competition, organizations are not able to develop a common form, and where there is no competition, there cannot be a workable concept of an organizational population. Thus, the key concept in defining NGDO organizational population is the existence of competition among organizations. The working definition of organizational population should be as follows: all organizations within a particular boundary that have a common form and have meaningful interaction and interdependence in the form of competition, and therefore, subject to the same level of environmental vulnerability.

Using our working definition of organizational population, we can now identify the main components and functions of an organizational population as they pertain to NGDOs. The above definition states that the most important characteristics of a population are the similar organizational form and competition. Therefore, I will examine some predominant NGDO organizational forms and what their function is in determining an NGDO population. Next, I will determine how competition defines NGDO population boundary. Finally, I will introduce new theoretical frameworks for NGDO organizational study.

Services and NGDO Organizational Forms

Organizational forms of NGDOs are difficult to identify. Researchers have tried classifying NGDOs by the organizational attributes, such as orientation (function) and level of operation (scope).

Categorizing NGDO organizational populations of specific activities and services provided within each of the above five categories largely oversimplifies the concept of organizational population. The major obstacle in using the above enumeration lies primarily in NGDOs being involved in more than one of the activities at once. Further, even if NGDOs stay within the boundary of the six categories, different activities within each of the above six categories may require varying organizational forms. For example, the development category includes microfinance activities and community leadership education activities. The function of microfinance may largely resemble typical banking organizational functions. Community leadership education may be offered alone in a classroom setting or be combined with another function to be a supplementary activity, such as microfinance organizations may provide specific training sessions aimed at developing local leadership, or design the microfinance services with a practical education goal in mind. In other words, NGDOs within the Development category, if they stay within predominantly one category, will also have a diverse set of organizational forms depending on what specific activities it chooses to be engaged in and to what level. The variations of the major six categories and different activities within each category are numerous. Therefore, classifying NGDOs by their activity is a viable way to identify NGDO populations for research purposes.

NGDO Services

The focal activities of NGDOs, regardless of the category their main activities function in, are the delivery of services rather than tangible goods. NGDOs do not exclusively manufacture goods, their primary function is service. NGDOs deliver services via service goods. Service goods are what the NGDOs are delivering, for example, medicine, and supplies, education, and financial resources. Service itself is the how these goods are delivered, for example, management education might be delivered in classroom setting or by hands-on entrepreneurial experience.

It is useful to think about what NGDOs do in terms of services. Gronroos (1990) identified the two main aspects of services as being the technical outcome dimension of service and functional dimension of service. *Technical outcome* describes the “what” part of services, such as service goods. *Functional dimension* is the process through which the service goods are delivered, the “how” part of the services. The concepts behind these terms can be illustrated by the services offered in a restaurant: the technical outcome is the food, and the functional dimension is the delivery of the food, which includes presentation, attention of the server, and pleasant atmosphere of the restaurant.

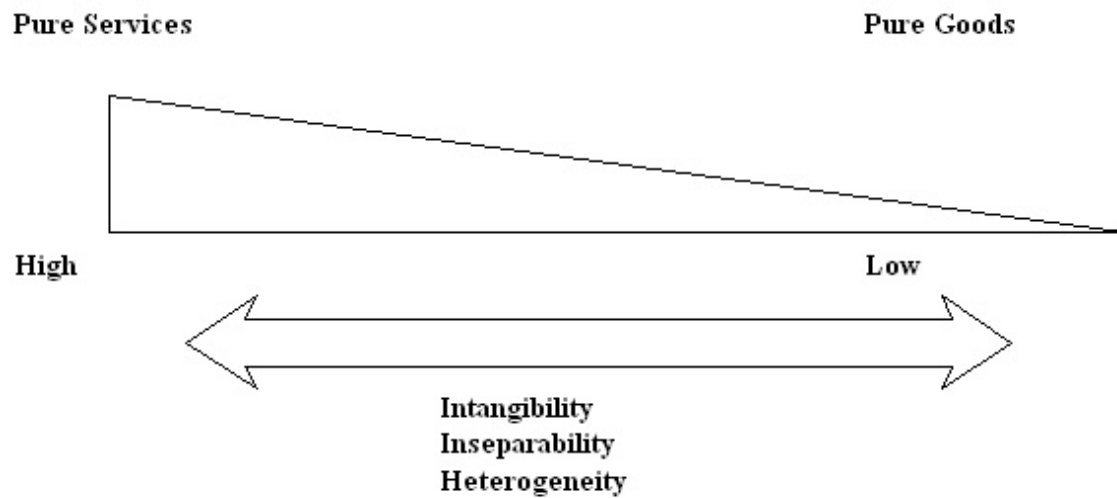
The major characteristics of services are their *intangibility*, *inseparability* and *heterogeneity* (Schneider and White, 2004). Pure services cannot be seen, touched, or stored, thus they are intangible. Pure services cannot be produced at one time and delivered at another, making them inseparable from production to consumption, which must take place immediately. Services are not as homogenous as tangible products. Tangible products, such as loaves of bread, have a consistent look, feel, and usage demand. For example, each loaf of bread baked by a company will look and weigh about

the same, and the majority of consumers purchase the loaf in order to eat, not to play soccer with it. When requesting a service, customers have different demands and specifications, thus services must be tailored to each and every situation, making them much more heterogeneous than tangible products.

It is obvious that not all services are pure services. It is helpful to understand the characteristics of services as varying on a continuum from high to low, from pure service to pure goods (see Figure 2). The more pure a service is, the more intangible, inseparable, and heterogeneous it will be. The more pure a good is, the more tangible, separable, and homogenous it will be.

NGDOs are service organizations. Their activities have an inherent service characteristic. NGDOs do not research and develop new medicine for their consumers, neither do they solely design and manufacture clothing articles for consumption by their beneficiaries. Rather, NGDOs provides services by either delivering goods or offering pure services, such as education and medical care. Therefore, in order to identify NGDO populations it is important to continue exploring what categories of service NGDOs are engaged in and what these categories mean for their organizational forms.

FIGURE 2. SERVICES CONTINUUM



According to Chase, Northcraft, and Wolf (1984), the level of customer contact has a significant effect on how an organization's activities are organized (see Table 2). The higher the customer contact, the more pure service is. The more pure a service is, the less freedom an organization has in designing an efficient production and delivery procedures. Pure services are produced in the presence of the customer. An example of pure services is medical care. Mixed services involve both customer contact and tangible product operations, such as post offices. The next category of services in the continuum is quasi-manufacturing, which involves no direct customer contact, such as computer companies that manufacture a product and offer services with no face-to-face customer contact. The last category is manufacturing. This category does not have a service component. For example, mining organizations do not have any contact with consumers and have no service component in their activities. As customer contact gradually decreases from a pure service to the manufacturing category, organizations gain

efficiency in their production procedures. Different organizational forms and processes define organizations involved in varying degrees of customer service contact.

Table 2. Classification of Service Systems Based on Customer Contact

Contact			
←		→	
High		Low	
“Pure” Services	“Mixed” Services	Quasi Manufacturing	Manufacturing
<i>Health centers Restaurants</i>	<i>Real Estate Post Offices</i>	<i>Wholesale Houses Government Admin.</i>	<i>Mining Food processing</i>
Freedom in Designing Efficient Production Procedures			
←		→	
Low		High	

Source: Chase, R. B., Northcraft, G. B., and Wolf, G. (1984) “Designing High Contact Service Systems: Application to Branches of a Savings and Loan”, *Decision Sciences*, 15: 542-556.

As mentioned earlier, NGDOs are primarily engaged in providing services. Since the degree of service provided varies depending on customer contact levels, we must determine the categories of services in which NGDOs usually find themselves.

Services can be classified further by the recipients of services and the nature of the service act (Lovelock, 1983). The recipients of services can be *people or things*. When the recipient of service is people, services are directed either at people’s bodies or at their minds. For example, beauty salons provide services for people’s bodies, and educational institutions provide services for people’s minds. When the recipient of service is a thing, the service may be directed toward tangible goods or intangible assets. Services for tangible goods include equipment repair, dry cleaning and lawn care. An example of intangible assets is legal services. There is no tangible product to work with,

and services are not directly targeted towards someone's body and mind, but rather towards somewhat intangible product. Therefore, services might be classified along two dimensions: the recipients of services can be either people or inanimate things, and the service processes are either tangible or intangible (See Table 3).

Table 3. Services Classification

Nature of the Service Act	Direct Recipient of the Service	
	Tangible	Intangible
	<p>People</p> <p><i>Services Directed at People's Bodies</i></p> <p>Health Care Passenger Transportation Beauty Salons Restaurants</p>	<p>Things</p> <p><i>Services Directed at Goods</i></p> <p>Freight Transportation Industrial equipment repair Laundry and dry cleaning</p>
	<p>People</p> <p><i>Services Directed at People's Minds</i></p> <p>Education Broadcasting Theaters Information Services</p>	<p>Things</p> <p><i>Service Directed at Intangible Assets</i></p> <p>Banking Legal Services Accounting Insurance</p>

Source: Lovelock, C. H. (1983) "Classifying Services to Gain Strategic Marketing Insights", *Journal of Marketing*, vol. 47: 9 -20.

An NGDO might direct their services toward people or things, and the nature of the service provided may be tangible or intangible by character (see Table 4).

Classifying services by direct recipients and nature of service act produces a better framework with which to examine the NGDO organizational forms. Instead of looking at

NGDO organizational form from different activity levels, which ultimately provide only descriptive information regarding what the purpose of an organization is, attempting to classify major NGDO organizational activities from service classification theory may offer specific organizational traits pertaining to organizational form, which, most importantly, allows the transfer of knowledge and generalization from one organization to another.

Table 4. NGDO Services Classification

Nature of the Service Act	Direct Recipient of the Service		
	Tangible	People	Things
		<i>Services Directed at People's Bodies</i> Health Care Food Medicine Clothing	<i>Services Directed at Goods</i> Delivery of goods Digging Wells Building Schools
	Intangible	<i>Services Directed at People's Minds</i> Education Advocacy Training	<i>Service Directed at Intangible Assets</i> Microfinance Capacity Building Leadership Training

Source: Adapted from Lovelock, C. H. (1983) "Classifying Services to Gain Strategic Marketing Insights", *Journal of Marketing*, vol. 47: 9-20.

As presented earlier, organizational form is defined through three main areas: the formal structure of an organization, the patterns of activity within an organization, and the normative order of an organization. If an NGDO is involved in delivering vaccination to a village but relies on local healthcare workers to do the actual vaccination

of the villagers, this organizational structure and patterns of activity would differ from an NGDO that not only delivers the vaccination but also participates and manages the vaccination process itself. The first NGDO that only delivers the vaccination is directing its services at tangible goods. The main organizational priority for this NGDO is to effectively deliver of vaccine. The second NGDO in our example is directing the service not only toward the delivery of the tangible goods but also toward the bodies of the recipients of the vaccine by administering the vaccination with the delivered vaccination. It is quite obvious that organizational structure, patterns of activities, and normative order of these two organizations would differ even within the same activity classification: relief and welfare. Let's look at another example. An NGDO involved in development education provides an intangible service directed at people's minds. An NGDO involved in literacy training is also engaging in intangible service directed at people's minds. Although both of these NGDOs are engaged in similar services, they belong in two distinct groups of NGDO activities: development education and community development. However, in terms of organization, NGDOs involved in literacy programs are more similar to development education NGDOs than NGDOs within the same community development group engaged in microfinance, which also adds a service of intangible assets. It is clear that the traditional classification of NGDOs according to their different activities is not sufficient to further the understanding of organizational forms of NGDOs and consequently, the organizational principles of NGDOs.

The above classification of services is a good tool for NGDOs to determine if their activities and operations are congruent with their mission and goals. Further, this classification will help NGDOs streamline and narrow down their mission to specific

areas of activities and adjust their operations accordingly. Many NGDOs have incongruence in what they think they are doing and what they are actually doing. For example, if an NGDO goal states that they are involved in activities for improving education of children in Mongolia, a closer examination of actual activities will provide a better look at the actual congruence of goals and activities. Educational betterment NGDOs are engaged in a variety of activities: from delivering books and school materials to training teachers and building schools. The intention to increase the number of school buildings and school materials as a way of improving education environment of students is different from the intention to train teachers to be better educators. An NGDO should distinguish the priority of these different services as means to reach their goal. If an NGDO places a priority in providing material resources for educational development and yet is designed to primarily train the teachers and has no organizational structure in place for services directed at goods, such as building schools and obtaining educational materials, understanding the difference of two different services and how each type of service might affect organizational structure and processes becomes a critical determinant of NGDO success both in terms of organizational effectiveness and also in terms of fulfilling its mission. By choosing to build schools and deliver educational materials, this NGDO will be engaged in services directed at goods. This might mean more focus on efficiency and indicator of success as project timeliness and being within budget. The supply end of the inputs will be primarily other businesses and tangible materials. If this NGDO decides to take on the training the teachers as well, it will be engaged in services directed at people's minds. The indicator of success is less tangible: how well teachers teach the students will be reflected in the performance of students, which is not easily

measured. Organizing educational services is vastly different from organizing delivery of goods (refer to Table 2). There is a larger human relations side to education. Especially, in culturally different areas, educational services must be significantly customized and adapted to better serve the recipients. Delivery of goods does not necessitate such adaptation of services to clientele. Education is harder to replicate on a larger scale, each country or area of the world will have different levels of teacher development skills and knowledge. Further, the educational services require larger coordination between the service provider and the client, because of its more pronounced inseparability characteristic. These organizational implications of being engaged in one or other service type bears significant consequences on organizational effectiveness.

Moreover, classification of services might indicate the reason behind the functional complexity of NGDOs. Many NGDOs try to solve development problems by addressing too many issues at the same time without the necessary structure to support all of the activities. Although NGDOs are aware that development process is a slow process with very little immediately visible results, NGDOs prove themselves impatient by trying to solve problems within a short period of time by attempting to take care of too many facets of the problem. NGDOs should consider their organizational capacity to spread themselves thin over too many activities. When NGDOs see serious health problems associated with dirty water usage, and determine that not only digging wells to reach cleaner water is necessary but also treating immediate health problems and hygiene education is crucial. Instead of jumping into all three service types (services directed at goods, services directed at people's bodies and people's minds) without a second thought, an NGDO must evaluate the impact of each service on organizational capabilities. From

the development perspective, it makes sense to provide a neat package of variety of services in order to really solve the problem at its roots, but from the organizational perspective, it becomes necessary to consciously hold off grand desires to save the world and realistically assess how much an organization can actually do. Half-baked attempts to solve development problems bring more chaos and disturbance to beneficiaries, not to mention waste of precious resources than doing nothing. It becomes not only an organizational responsibility to consider its own survival at spreading themselves thin, but also a moral responsibility of doing something right the first time around. Many times good intentions alone are not enough. Good development theory knowledge coupled with organizational capacity evaluation is necessary.

From the Donor's perspective, careful evaluation of NGDO activities using the service classification framework should provide a better view of organizational capacity of completing a project. Organizational experience in a variety of services may not equate to success, as we have discussed earlier. Donors may also evaluate projects using the service classification to determine if actual intention of services was delivered and how much of resources were spent in each respective area.

We will return to service classification framework to propose a strategic framework of generalist and specialist NGDOs using service classifications and donor classification upon reviewing the second important factor in determining the organizational population- common boundary.

According to the working definitions of organizational population, NGDOs must have not only a common form, but also some sort of a common boundary. The second important characteristic of a population is the existence of a common boundary.

NGDO Boundaries and Competition Theory

The common boundary of NGDOs could be defined by geography, political boundary, an area of activity, beneficiaries, and so on. The practical way of defining a boundary of a population is elusive. Population is the form as it exists or realized within a specified system. If there is no system within a given geographical area or some other boundary, it becomes problematic to identify populations of organizations. Population boundary must have a specified system. This system is defined by some sort of interdependence or relationship, namely competition.

Competition exists when units affect one another through affecting a common limited supply (Hawley, 1950). Competition exists through a common limited supply of resources. In NGDOs these resources could be the target area of beneficiaries, such as certain countries, regions, or villages or material resources, such as the same pool of donors and sponsors of projects and programs. As discussed earlier, the area of activity is not very intuitive and helpful in differentiating NGDOs; therefore, the current available classification is not useful. The classification of service types of NGDOs is necessary for identifying a common organizational form. So these limited common resources can be geographical or financial. However, the competition for financial resources occurs more often than competition for geographical resources. The world is nowhere near running out of afflicted and disadvantaged to take care of. Some geographical areas attract more resources than others, but this popularity is mainly reflected in donor preferences. Since most donors usually indicate the geography in the conditions of sponsorship, thus putting certain restrictions on their financial or material donations, it seems that the donors drive

most of the geographical competition. Therefore, donors become the most important factor in NGDO competition. In other words, NGDOs mostly compete for donor resources, thus making the donor resources the common limited supply of resources.

Competition theory, as the working definition of a population indicates, is a good resource to establish the meaningful interaction and interdependence among organizations within a population. Hawley (1950) places a heavy emphasis on competition as a determinant of patterns of social organizations. He describes **competition**, as “unless units affect one another through affecting a common limited supply, competition does not exist” (p. 202). Competition becomes a mechanism for producing isomorphism within an organizational population through the following four-stage competition process:

1. Demand for resources exceeds supply
2. Competitors become more similar as standard conditions of competition bring forth a uniform response
3. Selection eliminates the weakest competitors
4. Deposed competitors differentiate either territorially or functionally, yielding a more complex division of labor.

This notion of organizational interrelation due to the common limited resource base is consistent with population ecology research, which uses the term “carrying capacity” to describe the limit of resources organizations share or compete for (Aldrich, 1999).

The niche theory utilizes competition theory within a population to identify major organizational strategies of specialist and generalist organizations. Further review of this theory will provide a better outline of competition within an NGDO population.

Niche Theory

Carroll (1985) described two different types of newspaper organizations: large newspaper organizations that publish papers directed at numerous submarkets via different subsections of the paper, and small local newspaper organizations that target only a segment of an audience or group, such as a neighborhood or an ethnic or professional community. Such difference in focus is defined by niche. Hannan and Freeman (1977) describe the *niche* as “the combinations of resources levels at which the population can survive and reproduce itself”. The two kinds of newspaper organizations differ in niche width. The niche width measures the range of environmental dimensions across which a population exists (Carroll, 1985). Populations that depend on wide range of environmental resources for survival are called *generalists*. Populations that survive in a specific environmental condition (or within a narrow range of environmental resources) are called *specialists*. These definitions clearly identify that populations can be either generalists or specialists. However, Carroll (1984) states that on the industry level generalism and specialism not only coexist but also are fundamentally interrelated. Depending on the concentration of the market specialists and generalists compete for the same resources and the prominence of either strategy varies (Aldrich 1999). Further, Aldrich defines specialist and generalist organizations as organizational forms that gain selective advantage by concentrating their fitness on a narrow niche and spreading their

fitness over a broad niche, respectively. However, the terms *industry* and *markets* have been widely used to describe the population dynamics of different competitive strategies. Although it has not been clear in the literature that Carroll's (1984) argument of specialists and generalists coexisting and being interrelated is precisely within a population or a larger group of populations. Aldrich (1999) uses the term "industry stage" to describe the population growth stages and different organizational forms that can be found within each stage. For the purpose of this paper we will consider the generalists and specialists coexisting within the same population, with their numbers varying depending on the population growth stage and environmental factors.

Specialist and Generalist NGDOs

Specialist organizations are organizational forms that gain selective advantage by concentrating its fitness on a narrow niche and therefore, depend on narrow range of environmental resources; and *generalist* organizations are organizational forms that gain selective advantage by spreading its fitness over a broad niche, thus depending on wide range of environmental resources (Aldrich 1999). NGDO organizational form should be defined by their involvement in different levels of services rather than their involvement in different categories of development activities, which are classified according to different development approaches and levels of involvement, such as relief assistance, grassroots development or systemic change. However, these categories do not provide a suitable framework for organizational form differentiation in population ecology.

How do we identify specialist and generalist NGDOs? Given the definition of specialist and generalist organizations, the most important point of identification is the

niche, the combination of environmental resources within which organizations are to survive as a population. Therefore, we must look at the resources in order to be able to identify NGDO competitive strategy.

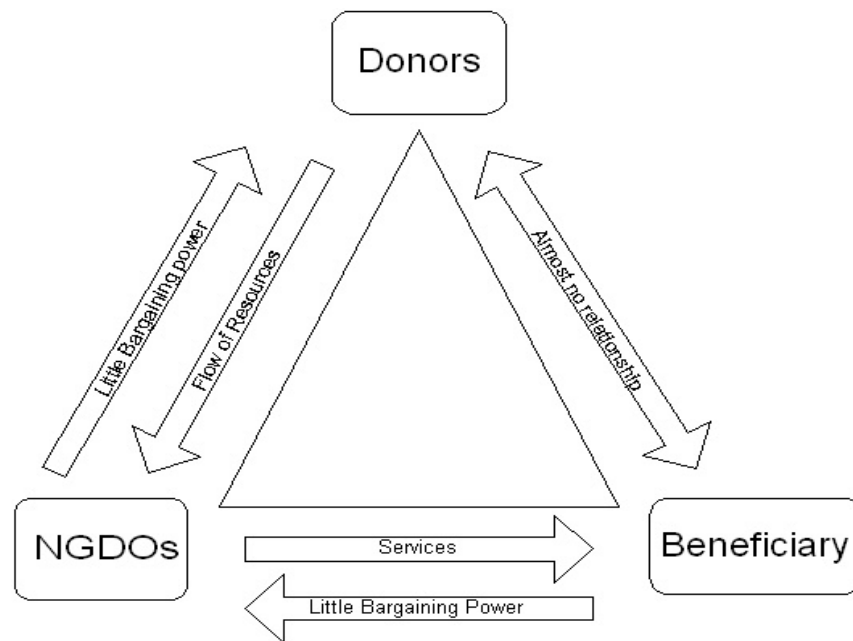
Resource Transaction Relationship

The way organizations are obtaining resources from their environments is the distinction between business and not-for-profit organizations that defines the unique organizational characteristic of NGDOs. Specifically, the transactional relationship of obtaining resources and putting out an output by an organization must be studied further to determine what is so unique about this relationship for NGDOs that distinguishes it from businesses.

NGDOs are involved in a more complex transactional relationship than typical businesses. Businesses engage in a two-way trading relationship: a business makes a product/service and a customer pays for that product or service. In NGDOs, the trading relationship is mainly a three-way relationship involving donors, NGDOs and beneficiaries (see Figure 3). The concept of a paying customer is not conventional. Donors provide resources to NGDOs for certain project with specific restrictions. For example, donors might want the NGDOs to use the resources for delivery of food products only, or for setting up microfinance programs in specific geographical areas only. NGDOs must comply with those restrictions and specific conditions in order to use the resources. NGDOs become the vehicle for delivering the services to the beneficiaries. The beneficiaries are the recipients of services in third-world countries, or wherever the need may be. The relationship of these three entities involved does not

resemble the typical business transactional trading relationship. The NGDOs hold more accountability to the donors, depending on how restrictive the donor is, and in turn has little bargaining power against the donor group. The beneficiaries, the real consumers of services, do not have much bargaining power in their relationship with NGDOs. Donors and beneficiaries usually have no relationship. Donors require accountability through NGDOs. This type of transactional relationship makes it challenging to identify the real customer and the real consumer of services.

FIGURE 3. NGDO MODEL



In the above three-way relationship, it is easy to identify where the resources are coming from. Donors and NGDOs engage in a typical business-customer relationship. The resources flow from the donor group that has “spending” power, and NGDOs take these resources and provide the specific reports and data the donor group wants.

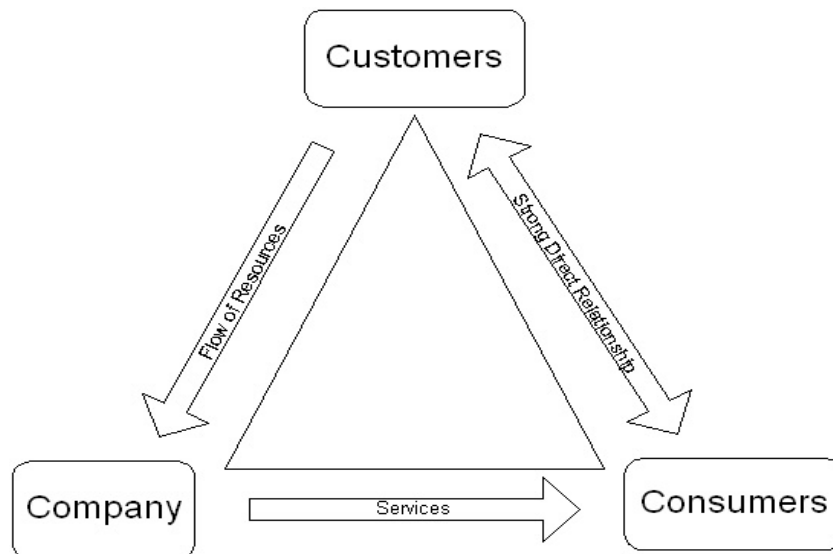
Therefore, the niche of NGDOs lies not in the NGDO-Beneficiary relationship, but in the NGDO-Donor relationship. **Specialist NGDOs** are organizational forms that depend on a narrow range of donor resources, and **generalist NGDOs** are organizational forms that depend on a wide range of donor resources to survive. Although the organizational form is defined by the NGDO-Beneficiary relationship (service types), the boundary of a population is defined by its NGDO-Donor relationship. NGDOs compete for limited donor resources, which are driven by various environmental factors.

A range of donor resources are determined not by the amount of resources each donor is able to provide, but rather by the number of different donor groups an NGDO is able to secure resources from. For example, an NGDO with a single generous donor will be a specialist NGDO; and an NGDO with numerous donor groups is depending on a wide range of resources to survive. A specialist NGDO may have a one large donor and be engaged in different types of development services. A generalist NGDO may have several donors and be specialized in one particular development service area. The reason for such paradox is in the fact that NGDOs engage in a unique three-way trading relationship, where the niche is defined by the NGDO-Donor relationship.

This paradoxical relationship can be found in business organizations as well (see Figure 4). However, the relationship here is not as clear. For example, a three-way relationship is evident if one distinguishes between the customer (who pays for service) and consumer (who actually received the service). If an NGDO is a company, then the Donor group is the customer and the Beneficiary group is the consumer. In a typical business relationship, the customer and the consumer interact very closely. For example, parents pay a private school tuition for their children to attend. Parents are the customers,

but the consumers are the children. The relationship between the parents and the children is very close in a way that the feedback on the quality of the education, atmosphere and attention is directly communicated to the customer by the consumer. This feedback is direct in terms of it reaching the customer directly instead of the customer receiving the feedback from the consumer through the company. Because of such close feedback loop between the customer and the consumer in business environment, the distinction between these two categories is not as critical as it is in NGDO-Donor-Beneficiary relationship, where Donors and Beneficiaries do not have such direct feedback loop. Therefore, it is very common to see the customer and consumer groups being viewed as one category: the customer. Donors evaluate programs on the basis of NGDO reports and evaluations. Further, direct evaluation of Beneficiaries by Donors is quite challenging. Quality of service is hard to measure; the criteria for success rest solely with the Beneficiary, and the criteria are very intangible, which makes it even harder to capture.

FIGURE 4. BUSINESS MODEL



By understanding the difference between the businesses and NGDO transactional relationship with its customers and consumers, we are able to make a significant discovery of difference in the resource-obtaining relationship of these two kinds of organizations. The NGDO niche is defined by its customer base rather than its consumer base. Because such a distinction between customer and consumer exists, unique organizational processes govern the NGDO population ecology. This transaction relationship is defined by the flow of resources and relative bargaining power of each entity to control these resources. In context of NGDOs, consumers do not hold as much power as they might enjoy in business setting due to their close relationship to the customer who actually controls the resources. Thus considerable power distance and lack of resources set customer and consumer groups further apart. Paradoxically, the consumer of NGDO services does not have control over resources, which means that the customer group, also known as donors and funders, are the resource base upon which NGDOs rely on survival. Thus, the niche of NGDOs is defined by donors and financial contributors rather than beneficiaries who consume the services. On the surface, beneficiaries do look like the customers in a typical business relationship, but in reality, beneficiaries do not play as a crucial role in NGDO resource transaction relationship as the donors do.

Specialist NGDOs are service organizations that depend on a narrow range of environmental resources. This means that specialist NGDOs rely on a small number of donors to finance their operations. The size of the donor does not seem to be indicative of the niche. For example, if an NGDO depends on two major donors that provide for more than ninety percent of its finances, the sheer number of financiers defines this

NGDO as a specialist due to such narrow range of the resource base. An example of the importance of range rather than a size of the resources in business setting is a clothing store that exclusively offers clothing for infants up to six months old. For this store, the customer group is a specific group of parents, grandparents and family members of infants. This group might be a large group for specific area, bringing in large profits and driving the sales up, but as infants grow up beyond 6 months old and if this large consumer group moves on without comparable replacement (say, number of babies born dramatically goes down), the store will be in financial trouble. Thus, the size of the customer group is not as critical as the varied number of such a group. Same situation holds for NGDOs as well. When an NGDO relies heavily on one or two sources of financial resources, as donor groups move on or stop the donations, the size of previous donations is not as important. Also, one or two major donors might finance a plethora of different projects. One would be tempted to look at a NGDO that depends on one major donor and does microfinance, education, medical services and call it a generalist due to its different activities. Without looking at where the money is coming from, this would be a mistake. This NGDO is relying on only one resources source, which ultimately specializes the NGDO rather than diversifies it. Therefore, we must define specialist NGDOs by the number of different groups of donors regardless of the variety of activities or projects the donors are sponsoring.

Generalist NGDOs are service organizations that depend on a wide range of environmental resources. The wide range is the number of different donor groups a NGDO is relying on to conduct its operations. Generalist NGDOs can be organizations that engage in only one kind of a project, say, delivering medical supplies to disaster-

stricken areas, while depending on a wide range of donors. The variety of activities NGDOs engage in does not directly influence the competitive strategy. Just like business organizations diversify and depend on different customer groups to survive, NGDOs diversify by engaging different donor groups. If one donor group were to fall out, NGDOs will have a diversified set of donors it can depend on. Generalist NGDOs are defined by the number of different donors.

The traditional donor typology lists various organizations by their legal and financial positions, such as corporations, foundations, and so forth. This typology is not very helpful in determining the impact different donors may have on NGDOs. The Model of NGDO form by Donor types will give a different framework for analyzing such a relationship.

Model of NGDO forms by Donor Types

Donor groups consist of variety of organizations, foundations and individuals that contribute resources to NGDOs. The main characteristic of donors' resources most relevant to competition is its restrictiveness. Restrictive donor resources are resources that have certain limitations or foci on how NGDOs can use these resources. Donors can set conditions by which expenditures can be made. For example, certain donors give donations with project-specific, location-specific, time-specific limitations. Unrestricted funds are resources that NGDOs have the discretionary power to distribute and use.

FASB Standard No. 116 Accounting for Contributions Received and Contributions Made and No. 117 Financial Statements of Not-for-Profit Organizations introduced three different restriction classifications. The definitions of the three classifications are as follows:

1. Permanent restriction - A permanent restriction is a donor-imposed restriction that stipulates that resources be maintained permanently but permits the organization to use or expend part or all of the income (or other economic benefits) derived from the donated assets. That is, the restriction is permanent as the organization or time can never satisfy the donor's imposed restriction on the resources.

2. Temporary restriction - A temporary restriction is a donor-imposed restriction that permits the recipient organization to use or expend the donated assets as specified and is satisfied either by the passage of time or by actions of the organization.

3. Unrestricted - Unrestricted refers to assets, resources, and contributions that are not restricted by donors or for which restrictions have expired.

We will consider resources with permanent and temporary restrictions as one group- restricted funds. The funds that have no time or project-specific restrictions are unrestricted funds. Therefore, we can distinguish the donors by these two categories: restrictive and unrestrictive. This donor type distinction is useful in identifying more specific types of NGDO organizational forms.

Table 5. NGDO Organizational Forms

	Donor Fund Types	
Number of Donors	Restricted	Unrestricted
Many	R-Generalists	U-Generalists
Few	R-Specialists	U-Specialists

From the previous discussion, we have concluded that number of different groups of donors defines the competitive strategy of NGOs. In Table 5, there are four possible variations of NGO forms. Depending on the number of donors, NGOs can fall into either restrictive or unrestrictive category¹. Generalist NGOs with mostly restrictive donor funds fall into the **R-Generalist** category. NGOs in this category depend on many donors that mostly supply restrictive funds. Generalist NGOs that have many donors providing mostly unrestrictive resources are in the **U-Generalist** category. Depending on whether the most percentage of resources is restricted or not, generalist NGOs will differ. On the other hand, specialist NGOs with restrictive resources are in the **R-Specialist** category; and specialist NGOs with unrestrictive resources are **U-Specialists**. Donor types will have important implications on how NGOs survive and function within a population. Unrestricted funds give NGOs more flexibility and opportunity to adapt to their environments. NGOs with few donors and restricted funds (R-Specialists) will have a hard time adjusting to environmental uncertainty. Also, the above donor distinctions may have influence on NGO- Beneficiary relationship and vice versa. NGOs with closer relationships and commitment to their Beneficiaries may lean towards U-Generalist or U-Specialist position in order to provide their Beneficiaries with a variety of services. The four major strategic forms NGOs may take upon is dependent upon the type of donors, namely, the type of discretionary resources the NGO has.

¹ It is very important to note that levels of restrictedness/unrestrictedness are on a continuum; as well as the actual number that defines “many” or a “few” is also on a continuum. The actual value of each variable is yet to be empirically determined. For restrictedness, one might consider evaluating a certain percentage of the total budget to determine the level of restrictedness of funds.

Specialist and Generalist NGDOs

Classification of NGDOs according to different donor types and donor funds into specialist and generalists NGDOs takes a resource-driven perspective. A typical business model of specialist and generalist organizations depends on the customer. This model specifies resources as the main driver of the niche, but what it implies is also the activity level of organizations. As in the business model, the customer and flow of resources seem to be of the same origin, in NGDO context, activity and resources seem to be quite separate. Therefore, an implied niche factor in business models is the activity or function of organizations. Further, businesses do not get involved in too many service types due to more mature level of isomorphism. For example, customers and investors do not expect a restaurant also be involved in insurance services. There are more set expectations of what businesses are to look like and how they should be organized depending on their respective service type. In NGDO context, organizations are not at the same level of organizational field maturity as businesses where donors and beneficiaries agree on a set organizational structure and image of NGDOs involved in certain service activities. Therefore, NGDOs find themselves being involved in almost all four service types simultaneously, while one cannot find a business that is involved in all four types without significantly separating each entity by service types into semi-independent subdivision of the company (one business might own restaurants, equipment repair, schools and banks, but all are sufficiently independent).

NGDO niche classification must also be done on the activity level. For such classification, we must turn to Table 5, NGDO Services Classification, reviewed earlier in the paper. NGDOs can specialize by adhering to only one type of services and

generalize by getting involved in two or more types of services. As discussed earlier, an involvement in additional type of services will affect organizational functions and processes of creating output. The organizational processes must become more complex to accommodate different type of service, and therefore, NGDO generalizes.

Classification of NGDOs into specialist and generalist organizations can be done using to different frameworks that are not mutually exclusive: by donor resources and by service types. A future research opportunity lies in determining how the four types of NGDO organizational forms (R-Generalists, R-Specialists, U-Generalists and U-Specialists) may manifest themselves in different service types; and what it means for organizational structure and processes.

A single specialist/generalist NGDO definition cannot be determined, we must consider the level of activity by service types and main four organizational forms determined by donor involvement, which in turn creates 8 different types of generalist/specialist NGDO forms (see Table 6).

Table 6. NGDO Organizational Forms, by Donor and Activity

		NGDO Organizational Forms, by Donor			
		<i>R-Generalist</i>	<i>U-Generalist</i>	<i>R-Specialist</i>	<i>U-Specialist</i>
Service Types	<i>Specialist</i>				
	<i>Generalist</i>				

These forms can be determined, for example, by looking at NGDOs that have many donors and operate mostly on restricted funds and are involved in delivering two or more different service types, and how this combination affects NGDOs as organizations.

The above frameworks will not only allow an in-depth organizational study of NGDOs, but also a generalization of the findings to the larger NGDO organizational community, and for the Not-for-Profit subsector as well. The existing classification of NGDOs either by their function, level of involvement or geographical area has not been useful for NGDO organization theory to progress, for example, for identifying organizational forms and essential inter-organizational dynamics in population ecology theory. This paper analyzed NGDOs from an organizational ecology perspective, focusing mainly on population ecology level. This analysis holds significant findings in regards to understanding NGDOs as unique organizations and offering theoretical frameworks for understanding and studying these organizations from organizational theory perspective.

Chapter 4. Conclusion

Organization theory applied to not-for-profit organizations has not progressed as rapidly as their organizational prominence in our society. In the past few decades, role of NGDOs in international arena has developed to a new level of institutionalization. Questions of effectiveness of NGDOs and their position within larger organizational community have been raised frequently by both organizational and strategy researchers. Without the foundational theory on NGDO organizations, it has been a challenging feat. The NGDO organizational and management literature is filled with attempts to adapt the

existing business models to NGDOs and discussions on how one should go about adapting business models and theories in organizational and management studies. Many disagreements and oppositions exist in the current NGDO organizational conversations. Most proposed theories and views are mere temporary grips of reality that changes mercilessly by the time they reach the prints. Without the foundational analysis of fundamental principles of organizing, it becomes hard to capture and to understand the complex dynamics of NGDOs. Business lens has been limiting.

This paper analyzed the fundamental principles of NGDO organizations from a population ecology perspective. Building on existing organizational theory principles, this analysis discovers the significant processes that govern NGDO organizations. Although it is not a comprehensive overview and a complete theory on NGDOs, it is a different perspective at studying NGDOs and one attempt to develop a solid theory and lay a foundation for organizational studies of NGDOs.

Classification of NGDO activities using services model is a proposed framework for studying NGDOs. Many NGDOs organize service delivery using typical manufacturing principles of building, packaging and delivering goods, which differ significantly from service delivery. Services classification framework allows an in-depth look into NGDO organizational forms. Using this framework, we can not only identify one NGDO from another, but also, most importantly, compare one organization to another.

Another added complexity of NGDO activities is their ability to combine and mix and match different levels of services. Typically, one does not witness hospitals also offering banking services. However, NGDOs can be involved in providing medical

services and financial resources for local entrepreneurs at the same time in the same area for the same group of beneficiaries. By dissecting each service according to its recipients and nature of service act, many different combinations of these services can be studied. These possibilities are a good start for intra-organizational studies, such as organizational structure and effectiveness. For inter-organizational studies of strategy and environmental adaptability, the theory of competition and NGDO-Donor relationship facilitate the significant resource relationships. Further, the important combination of donor typology classification of NGDOs and service type classification provides an original framework for studying and identifying NGDOs.

Contributions to Theory and Research

By analyzing NGDOs from an organizational ecology perspective, I drew out the fundamental notions of population ecology for NGDOs. Specifically, a working definition of an organizational population as it pertains to NGDOs was developed. The importance of competitive relationship in a definition of an organizational population, and specifically, of an NGDO population was the missing key concept, which was taken for granted and implied, but not highlighted in the mainstream organizational ecology literature. I determined the organizational forms of NGDOs using the service theory and literature. This allowed me to classify organizational forms not by different kinds of activities, but rather by the classification of services, namely by nature and recipients of services. The boundaries of a population are defined mainly by competition for resources, which are further explored using the niche theory. An important conclusion is made regarding how to classify NGDOs into specialist and generalist categories using the environmental resource dependence theory. Division of the customer group into

customers and consumers allowed further understanding of this crucial relationship. NGDO customer and consumer bases are two very separate entities, which is the defining concept of organizational difference from other private organizations. Further, two-level distinction of generalist and specialist NGDOs based on the resource and activity levels might be a new way of looking at generalist and specialist organizations in the mainstream organizational theory. Such clarification might be a necessary amendment to existing specialist and generalist definitions and classifications of organizations that primarily express the environmental resource base as the main and only determinant of organizational niche, although an implied functional types are not explicitly recognized.

Implications for Practice

Very important implications for practitioners come out of this research. Issues of NGDO strategy and management will be largely influenced by the notion of NGDOs being involved in services. From the NGDO management perspective, strategic planning and organizational adaptability and survival must be based on the donor resource base analysis. Whether a NGDO is a generalist or specialist must be determined by careful analysis of environmental stability mainly in terms of donor stability. Further, management of different projects and programs within a NGDO must look at current service management theory and practice. NGDOs must take the issue of competition for donors more seriously. The overwhelming opinion of NGDO community is that there is not as much competition as in business community. Competition not only exists, but it is the determining factor of NGDO population ecology. Thus, managers must evaluate competitive forces in their NGDO organizational environment.

From the donor perspective, critical issues of accountability of NGDOs are of utmost importance. Since the consumer group is largely separated from the donor group, how donors get feedback and set up evaluation processes for NGDO activities is important. Further, donors' role in survival of NGDO must not be overlooked. Donors must have proper and effective procedure of distributing the resources to NGDO, which not only helps NGDO succeed but also might play an important role in development of strong NGDO forms through effective competitive and evolutionary forces.

Future Research

As a result of this paper, there are several interesting future research agendas for myself and for other researchers interested in organizational theory and NGDO organizational research. Future research on merging the service delivery, service management theory in NGDO context would provide more detailed view of how NGDO organizing principles. Also, in-depth view of NGDO competitive processes within a population is an interesting view of NGDO intra-population dynamics of foundings, growth and decline of a population. Different competitive strategies of niche might shed further light onto the intra-population dynamics. Also, different variations of NGDO organizational forms based on their types of activities and donor resource types is an opportunity to further the organizational study of NGDOs.

This paper attempts to open a healthy theoretical discussion within the NGDO organizational researchers and also among organizational ecology theorists and provide some interesting perspectives and raise intriguing questions.

References:

- Aldrich, H. (1999) *Organizations Evolving*, Thousand Oaks: Sage.
- Carroll, G. R. (1984) "Organizational Ecology", *Annual Review of Sociology*, 10: 71-93.
- Carroll, G. R. (1985) "Concentration and Specialization: Dynamics of Niche Width in Populations of Organizations", *American Journal of Sociology*, 90, 6: 1262-1283.
- Charlton, R. and May, R. (1995) "NGOs, Politics, Projects and Probity: a Policy Implementation Perspective", *Third World Quarterly*, 16, 2: 237-255.
- Charnovitz, S. (1997) "Two Centuries of Participation: NGOs and International Governance", *Michigan Journal of International Law*, 18, 2: 183-286.
- Chase, R. B., Northcraft, G. B., and Wolf, G. (1984) "Designing High Contact Service Systems: Application to Branches of a Savings and Loan", *Decision Sciences*, 15: 542-556.
- Courtney, R. (2001) *Strategic Management for Voluntary Nonprofit Organizations*, New York: Routledge.
- Financial Accounting Standards, www.fasb.org

Fowler, A. (1997) *Striking a Balance: A Guide to Enhancing the Effectiveness of Non-Governmental Organisations in International Development*, London: Earthscan.

Gordenker, L. and Weiss, T.G. (1995) "Pluralizing Global Governance: Analytical Approaches and Dimensions", *Third World Quarterly*, 16, 3: 358-387.

Gronroos, C. (1990) "Relationship Approach to Marketing in Service Contexts: The marketing and organizational behavior interface", *Journal of Business Research*, 20: 3-11.

Gruber, R. E. and Mohr, M. (1982) "Strategic Management for Multiprogramme Nonprofit Organisations", *California Management Review*, 24, 3:15-22.

Hannan, M. T. and Carroll, G. R. (1995) "An Introduction to Organizational Ecology", in G. R. Carroll and M. T. Hannan (eds) *Organizations in Industry: Strategy, Structure, and Selection*. New York: Oxford University Press.

Hannan, M. T. and Freeman, J. (1977) "The Population Ecology of Organizations", *American Journal of Sociology*, vol. 82, 5: 929-964.

Hannan, M. T. and Freeman, J. (1989) *Organizational Ecology*, Cambridge: Harvard University Press.

Hawley, Amos H. (1950) *Human Ecology: A Theory of Community Structure*, New York: Ronald.

Kendall, J. and Knapp, M. (1995) “A Loose and Baggy Monster: Boundaries, Definitions and Typologies”, in J. Davis Smith, C. Rochester and R. Hedley (eds) *An Introduction to the Voluntary Sector*, New York: Routledge.

Lewis, D. (2001) *The Management of Non-Governmental Development Organizations*, New York: Routledge.

Lovelock, C. H. (1983) “Classifying Services to Gain Strategic Marketing Insights”, *Journal of Marketing*, vol. 47: 9-20.

Nutt, P. C. and Backoff, R. W. (1992) *Strategic Management of Public and Third-Sector Organizations*, Jossey-Bass.

Oster, S. M. (1995) *Strategic Management for Nonprofit Organizations: Theory and Cases*, Oxford University Press.

Paton, R. and Cornforth, C. (1992) “What’s different about managing in voluntary and non-profit organizations?”, in J. Batsleer, C. Cornforth and R. Paton (eds) *Issues in Voluntary and Nonprofit Management*, Addison-Wesley in association with the Open University Press.

Richardson, A. and Goodman, M. (1983) *Self-Help and Social Care: Mutual Aid Organizations in Practice*, Policies Studies Institute.

Salamon, L. and Anheier, H. K. (1992) “In Search of Non-Profit Sector II: The Problem of Classification”, *Voluntas*, 3, 3: 267-309.

Schneider, B. and White, S. S. (2004) *Service Quality: Research Perspective*, Thousand Oaks: Sage Publications.

Scott, R. W. (1981) *Organizations: Rational, Natural, and Open Systems*, New Jersey: Prentice-Hall.

Uphoff, N. (1996) “Why NGOs Are Not a Third Sector: A Sectorial Analysis with some Thoughts on Accountability, Sustainability, and Evaluation”, in M. Edwards and D. Hulme *Beyond the Magic Bullet: NGO Performance and Accountability in the Post-Cold War World*, West Hartford: Kumarian Press.

Vakil, A. (1997) “Confronting the Classification Problem: Toward a Taxonomy of NGOs”, *World Development*, 25, 12: 2057-71.

World Bank Operational Directive 14.70

APPENDIX A. The International Classification of Nonprofit Organizations

	Description and Activities	Subgroups and Organizations
Group 1. Culture and Recreation	Organizations and activities in general and specialized fields of culture and recreation.	Media and Communications Visual Arts, Architecture Performing Arts Museums Zoos and Aquariums
Group 2. Education and Research	Organizations and activities administering, providing, promoting, conducting, supporting and servicing education and research.	Primary, secondary, and higher education Vocational/technical schools Adult/continuing education Medical research Science and technology Social sciences, policy studies
Group 3. Health	Organizations that engage in health-related activities, providing health care, both general and specialized services, administration of health care services, and health support services.	Hospitals and rehabilitation Nursing homes Psychiatric and mental health treatment Crisis intervention public health and wellness education Emergency medical services
Group 4. Social Services	Organizations and institutions providing human and social services to a community or target population.	Child welfare, youth services, family services Disaster/Emergency Prevention and control Temporary shelters Refugee assistance Income and material assistance
Group 5. Environment	Organizations promoting and providing services in environment; conservation, pollution control and prevention, environmental education and health, and animal protection.	Pollution abatement and control, natural resources Conservation and protection Environmental beautification and open spaces Animal protection and welfare Wildlife preservation and protection
Group 6. Development and Housing	Organizations promoting programs and providing services to help improve communities and the economic and social well-being of society	Community and neighborhood organizations Economic development Social development Housing associations and assistance Job training programs Vocational counseling and guidance

Group 7. Law, Advocacy, and Politics	Organizations and groups that work to protect and promote civil and other rights, or advocate the social and political interests of general or special constituencies, offer legal services and promote public safety.	Advocacy organizations Civil rights associations Ethic and civic associations Legal services Crime prevention and public safety Victim support Consumer protection associations
Group 8. Philanthropic Intermediaries and Voluntarism	Philanthropic organizations and organizations promoting charity and charitable activities	Grant-making foundations Voluntarism promotion and support Fund-raising organizations
Group 9. International Activities	Organizations promoting greater intercultural understanding between peoples of different countries and historical backgrounds, and also those providing relief during emergencies and promoting development and welfare abroad.	Exchange/Friendship/Cultural Programs Development assistance associations International disaster and relief organizations International human rights and peace organizations
Group 10. Religion*	Organizations promoting religious beliefs and administering religious services and rituals	Churches, mosques, synagogues, temples, shrines, seminaries, monasteries, and similar religious institutions Related associations and auxiliaries of such organizations.
Group 11. Business, Professional Associations and Unions	Organizations promoting, regulating and safeguarding business, professional and labor interests.	Business Associations Professional Associations Labor Unions

* Included for some purposes only.

Source: Salamon, L. and Anheier, H. (1993) "A comparative study of the non-profit sector: purposes, methodology, definition and classification", in S. Saxon-Harrod and J. Kendall (eds) *Researching the Voluntary Sector*, vol. 1, Tonbridge: Charities Aid Foundation.

APPENDIX B. THE NOT-FOR-PROFIT SECTOR

