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STUDY ON FUND UTILIZATION MANAGEMENT OF NON PROFIT ORGANIZATIONS

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Abstract

The challenge of Non-governmental organization management is to balance the different, often contradictory elements that are the component parts of Non-governmental organizations. Management has to locate and position the organizations in the complex divergent models. After the position analysis, Non-governmental organizations must ask if they are a palace, hierarchical, too technocratic and too outer-directed, tent-like, more organized as networks, with a socio-culture emphasizes. In this sense, one can easily see that Non-governmental organization management becomes more than just cost-cutting and more than just the exercise of financial control. Management becomes concerned with more than just one or two of the numerous bottom lines Non-governmental organizations have. In other words, management becomes not the controlling but the creative, enabling arm of Non-governmental organizations.

In the last few years, funding for Non-governmental organizations has been directed to the area of governance and deepening democracy projects. Non-governmental organizations have also taken a solidified role, that of a watchdog over the government.

Non-governmental organizations have now become more powerful and prominent in comparison with government institutions (Haque 2002). In particular, Non-governmental organizations have started to dominate the state in several areas such as development

planning (Lewis 1997). This has resulted in de-centring of state and the pluralisation of governance.

Sustain Ability explains that “Non-governmental organizations act as a ‘distributed’ or ‘delegated’ conscience for society, with individual citizens ‘sub-contracting’ parts of their ‘citizenship’ (e.g. concern for human rights) to Non-governmental organizations” when they perform their advocacy work. Slim agrees but cautions against the hazard of claiming such moral authority. Apart from the danger of co-opting the voice of those who they claim to represent (as cited above), Non-governmental organizations also need to be careful about the veracity or accuracy of the arguments which they make.

Keyword:Non-Governmental Organization, Socio-Culture Emphasizes, Democracy Projects, Advocacy Work.

Introduction

During the 1990s, money was pumped from international sources to Non-governmental organizations to provide technical and direct support to the state in development work. Hence, a lot of voluntary organizations began to take active part in development work, alongside the state. Many of these voluntary organizations were happy to be transformed into Non-Governmental Organizations.

One of the factors that contributed to this global “explosion” of Non-governmental organizations (or “civil society boom”, as SustainAbility, 2003 calls it) is the shape and form that they have taken. Non-governmental organizations and civil society organizations have been called different names. Although the monikers civil society organizations (CSOs) and Non-governmental organizations have become interchangeable, the distinction between the two has become evident. Civil society is the greater sphere that Salamon describes as the organizations that occupy the space between the state and the market and Non-governmental organizations are only one the many types of organizations in civil society. The discussion in this paper will focus mainly on non-governmental organizations, or those that primarily provide public goods or work for the public interest and receive funds mostly from donor and philanthropic sources. It is also important to make a distinction between Non-governmental organizations and membership-based, grassroots organizations (that are often the beneficiary of assistance of Non-governmental organizations) referred to alternately as grassroots organization (GROs), community-based organizations (CBOs), or more popularly in the

Philippines as people's organizations (POs). As will be discussed later in the paper, while these two types of civil society organizations are usually interdependent, there are also conflicts that arise between them.

Definition of Non-governmental organization

In a broader perspective, Non-governmental organization refers to each organization in society which is not part of government, and which functions in civil society. Thus, Non-governmental organization consists of organizations such as political groups, labor and trade unions, religious bodies and institutions, guilds, sports clubs, arts and cultural societies, trade associations, chambers of commerce, professional associations, as well as small and large businesses.

Critical Role of Non-governmental organization

Non-governmental organizations exist to support the welfare of and establish the rights of the excluded and underprivileged communities. This means they have to operate at various levels and involve in different and multiple functions.

Review of literature

Jordan (2000) thinks that all of these questions are creating an “accountability industry”. She cites the case of SGS International which has established a Non-governmental organization 2000 Standard where it is convincing donors and government to rate Non-governmental organizations using these standards as a way of determining who they will fund. She decries the fact that many accountability initiatives are driven by pressures from donors and governments rather than genuine desire of Non-governmental organizations to live up to the standards that they preach. She is concerned that many of the accountability tools being employed are not consistent with the sensitivity of Non-governmental organization development work and stifle their innovativeness and flexibility.

As per **Salamon, 1993**, the ascendancy of neo-liberalism in the late twentieth century also created a global environment to this third sector. The pitiable performance of the public sector in developing countries has led to a search for more effectual and efficient organizational forms for the delivery of public services.

However, in cases where the government has a constructive social agenda which resonates with the Non-governmental organizations, there is possibility for a strong collaborative relationship. But even where there is room for cooperation, jealousies and distrust between Non-governmental organizations and government is profound rooted. Governments always have apprehension that Non-governmental organizations will erode their political power and Non-governmental organizations also distrust the motivation of government officials (**Fowler, 1992**).

Zadek and Gatward 1991, opine that indicators of the quality of organizational performance are very rare with the exception of the 'social audit' and the general lack of satisfactory evaluative mechanisms is a serious drawback when it comes to Non-governmental organization accountability.

Guba and Lincoln 1990, say that as only a few fixed, absolute standards exist, Non-governmental organization evaluation is inevitably a matter of judgment and interpretation. All these suggest that Non-governmental organizations work in open systems and mostly in unpredictable environment without absolute standards and indicators of development, especially in the type of work that involves qualitative impact. When positive long-term results are achieved, this is not because of one organization or project acting in isolation, but because a whole series of forces and actors come together to produce. This makes measuring 'strategic' accountability in its most fundamental sense almost impossible - no organization can be held accountable for the impact of forces which are beyond its control, although, Non-governmental organizations can and should be able to account. Edwards et al further say that insistence on bureaucratic reporting with heavy reliance on 'logical frame work'" with short term quantitative targets and indicators and hierarchical management structures will distort accountability and learning besides overlooking long term impact.

Research Methodology

Research Methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. In it we study the various steps that are generally adopted by researcher in studying his research problem along with the logic behind them.

Research Design:

This research is designed to study the “STUDY OF FUND UTILIZATION MANAGEMENT OF NON PROFIT ORGANIZATIONS”. To keep the research design in-line with the research objectives the researcher has taken due care, that the tools used in research are objective oriented.

Different Research Designs:

Different research designs can be conveniently described if we categories them as:

- Exploratory Research Studies
- Descriptive & Diagnostic Research Studies

The researcher has used Exploratory Research Technique to get into the insights of the proposed research work.

Exploratory Research:

When the purpose of a research is to gain familiarity with a phenomenon or acquire new insights into it in order to formulate a more precise problem or develop hypothesis, the exploratory research comes in handy.

Data Collection Methods:

The data is the raw material with which the foundation of subsequent analysis and statistical interpretation is firmly laid.

The data are of two types:-

- **Primary Data, and**
- **Secondary Data**

Primary Data collection:

There are several methods of collecting primary data. Important methods are

1. Observation method
2. Interview Method
3. Through Questionnaires
4. Through Schedules.

Out of these available methods the researcher has collected the primary data by interview method using standardized questionnaire from the Non-governmental organization & its beneficiaries

Secondary Data:

Secondary data analysis saves time that would otherwise be spent collecting data and, particularly in the case of quantitative data, provides larger and higher-quality databases than would be unfeasible for any individual researcher to collect on their own. In addition to that, analysts of social and economic change consider secondary data essential, since it is impossible to conduct a new survey that can adequately capture past change and/or developments.

Objectives of Study

- To study concerns and issues which are detrimental to the betterment, circumstances or prospects of people or society.
- To analyse the financial pattern of Non-governmental organizations.
- To determine the sources of funds of Non-governmental organizations.
- To understand the government financial support to Non-governmental organization.

Hypothesis of the study

Null hypothesis (H0):- Non-governmental organizations utilize funds in proper way with effective distribution .

Alternate Hypothesis (H1):- Non-governmental organizations do not utilize funds in proper way with effective distribution.

Data analysis

H0: There is no significant difference in the treatments (factors) effect applied under the given aspects on the four groups under consideration for the fact that the Non-governmental organizations utilize funds in proper way with effective distribution.

vs

H1: There is significant difference in the treatments (factors) effect applied under the given aspects on the four groups under consideration for the fact that the Non-governmental organizations do not utilize funds in proper way with effective distribution.

Fund utilization

Table-1 Distribution of fund utilization in different group

Factors	Groups			
	WOMEN	CHILDREN	ELDERLY	DISABLES
1	92	68	84	76
2	72	72	72	72
3	92	60	76	68
4	24	24	20	24
5	24	32	12	28
6	36	12	24	20
7	84	80	72	88
8	28	16	20	28
9	80	80	72	80
10	84	76	84	88
11	32	16	16	16

Table-2 Anova Single Factor

SUMMARY				
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
WOMEN	11	648	58.90909	870.6909
CHILDREN	11	536	48.72727	812.2182
ELDERLY	11	552	50.18182	951.5636
DISABLES	11	588	53.45455	884.0727

Table-3 ANOVA Test

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	673.0909	3	224.3636	0.255064	0.857265	2.838745
Within Groups	35185.45	40	879.6364			
Total	35858.55	43				

Interpretation : Since the P-value = 0.8572 which is Greater than 0.05 we accept the Null hypothesis that fund utilization in all the four groups, shares the fact that Non-governmental organizations utilize funds in proper way with effective distribution.

Accounting System

Table-4 Distribution of fund utilization in different group

Factors	Groups			
	WOMEN	CHILDREN	ELDERLY	DISABLES
1	88	60	88	84
2	88	88	72	68
3	84	72	56	88
4	72	68	76	76

Table-5 Anova Single Factor

SUMMARY				
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
WOMEN	4	332	83	57.33333
CHILDREN	4	288	72	138.6667
ELDERLY	4	292	73	174.6667
DISABLES	4	316	79	78.66667

Table-6 ANOVA Test

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	323	3	107.6667	0.958457	0.44372	3.490295
Within Groups	1348	12	112.3333			
Total	1671	15				

Interpretation : Since the P-value = 0.4437 which is Greater than 0.05 we accept the Null hypothesis that accounting system in all the four groups, shares the fact that Non-governmental organizations utilize funds in proper way with effective distribution.

Findings

- Maximum of neutral response was reflected by the employees for the funds are collected through organizing sports events. In all only 24% of the employees support this fact.
- Almost 72% of the employees support the fact the planning for raising the funds is done before the start of the financial year. Almost 74% of the employees support the fact that the funds are utilized by pre-defined planning & as per budget, in which 92% responses from Women sectors share the highest contribution.
- Almost 20% of the employees support the fact that employees of the Non-governmental organization gets their salaries regularly, in which 32% responses from Women sectors shares the highest contribution. Overall we can state that 80% of the responses do not support this fact.

- 34% of the beneficiary support the fact the quality of service, provided by Non-governmental organization, is very good, in which 38% responses from Women sectors shares the highest contribution. Overall we can state that 66% of the beneficiaries' responses do not support this fact.
- 60% of the beneficiaries support the fact that they can approach easily to Non-governmental organization for their requirements, in which 65% responses from Women sector shares the highest contribution.
- Almost 33% of the beneficiaries support the fact that can view the services provided by Non-governmental organization on public domain like website, magazine, annual report, etc, in which 35% responses from Women sectors shares the highest contribution. Overall we can state that 67% of the beneficiaries' responses do not support this fact.
- Almost 24% of the employees support the fact that the trainings are organized for proper financial management of Non-governmental organization. Overall we can state that 76% of the responses do not support this fact.

Recommendations

- The feedbacks of beneficiaries are not taken regularly by the Non-governmental organizations. This is not a good practice. The Non-governmental organizations should take the feedback on frequent basis from the beneficiary. Than only, they will know the exact impact of fund utilization on beneficiaries.
- Government should provide salary grant regularly to Non-governmental organizations. It will help Non-governmental organization to pay their employees on time.

Conclusion

There are few Non-governmental organizations which are providing salaries to their staff from existing funds received from private donors. However most of the Non-governmental organizations prefer to wait till government grant is received for payment to their employees. As far as accounting system is concern, the Non-governmental organizations follow the accounting system with due care and they use to write their income & expenses properly in accounting books. This helps them in audit also. They are submitting the properly audited statements to charity commissioner's office on regular basis. These Non-governmental organization's are also submitting fund utilization certificate to charity commissioner's office on regular basis. Most of the Non-governmental organizations are working clean & there are

hardly any legal cases against them. It is resulting in continuous receipt of donations from various types of donors. The existing donors are providing continuous support. The study also revealed that most of the donors are not interested in becoming members of Non-governmental organization, although they are providing donations regularly. Whenever Non-governmental organizations find that there are surplus funds, they use it for meeting the additional requirement of the beneficiaries.

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