ASSESSMENT OF ORGANIZATIONAL STRUCTURE, STRATEGIC ORIENTATIONS AND OPERATIONAL EFFICIENCY OF NON-GOVERNMENTAL ORGANIZATIONS: CASE OF LITHUANIAN NGOs

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Abstract
Increasing number of non-governmental organizations (NGOs) and their active involvement into society’s development raise many discussions. Nevertheless, lack of theoretical and empirical researches, concerning organizational structure, management and efficiency of NGOs, is evident throughout the world. Therefore the paper aims to explore three closely interrelated managerial aspects of non-governmental sector: 1) organizational management structure and manifestations of hierarchy; 2) strategic orientations of organizational activities (which are related to organizational management and spectrum of activities) as well as 3) operational efficiency. Hence, the paper deals with the major managerial aspects of non-governmental sector (building on Max Weber’s theory, contingency theory as well as theoretical insights of Brown and Iverson (2004), Miles and Snow (1978), Knerr (2003)) and verifies theoretical approaches against the results of research, which is performed by the author basing on cases of ten Lithuanian NGOs.

Keywords: non-governmental organization, NGO, Max Weber’s theory, organizational structure, organizational strategy, operational efficiency, Lithuanian NGOs

Introduction
Within recent years number of various NGOs sharply increased throughout the world; they became eminently important actors on the global political stage. According to the Union of
International Associations (2008), during the period of 1956 to 2003, number of international NGOs increased approximately 21 times: from nearly 1000 to 21000.

Usually non-governmental organization (NGO) may be considered as a democratic organization, established by citizens’ free will, which serves for the welfare of community or its groups, does not seek for profit and/or direct participation in state’s public administration (Gineitienė and Domarkas, 2000). Community’s consolidation into certain target groups gives opportunity not only to solve problems which emerge within the community and, but also to represent its interests in government institutions (Šimašius, 1999). Being core of the civic society and substantial pillar of democracy, NGOs often take mediator’s role between government, business structures and citizens (Evers and Laville, 2004). Nevertheless, frequently governmental institutions are not capable of satisfying constantly increasing needs for social services (Evers and Laville, 2004; Šimašius, 1999). Objective social needs cause establishing new forms of non-governmental institutions, improving their infrastructure and manner of service provision (Dromantienė, 2003).

Non-governmental organizations are often titled “the third sector” beside the public and private sectors. Sociologists place NGOs among society, economics and politics; among individual, societal and solidarity principles; in between social needs and autonomous organizations (Lunaria, 1998). Stoškus (2000) maintains that civic society should base on active citizens, who have the right to organize themselves: to create communities and associations, which embody and advocate different interests of the citizens. Thus, non-governmental organizations diminish contraposition within the society and increase social integration. NGOs may also make a fair input by providing information to the society, forming network of social services, encouraging transparency of government’s actions and increasing level of consciousness within the society.

Snavely and Desai (2001) note a global trend of reinforced relations between local government institutions and strengthened NGOs. European Commission calls to involve non-governmental sector, as a sound representative of society’s needs, into political processes including policy development and implementation. This would be a substantial step towards implementation of strong and effective state policies (Appleton and Byrne, 2003).

Despite quite abundant discussions of role of non-governmental sector in the societal development, yet there are few theoretical and empirical researches concerning organizational

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structure, management and efficiency of NGOs. Therefore, the aim of this paper is to analyse three aspects that are closely related to non-governmental sector: 1) organizational management structure and manifestations of hierarchy; 2) strategic orientations of organizational activities (which are related to organizational management and spectrum of activities) as well as 3) operational efficiency.

For examination of the first aspect – organizational management structure and manifestations of hierarchy – the ideal bureaucracy model by well-known sociologist M. Weber is used. Besides, modern contingency theory, which inter alia concerns the environment of organizational activities, is analysed as well. Besides, aspect of hierarchy within an organization, which is one of the most important dimensions of organizational management structure, is strongly highlighted further in this paper. Although aspect of hierarchy displays in all types of organizations, the non-governmental sector is exceptionally rarely analysed within this aspect.

Examination of the second aspect – strategic orientations of organizational activities – is built on theoretical insights of Brown and Iverson (2004) and Miles and Snow (1978). Finally, analysis of the third aspect – operational efficiency – is based on theoretical and empirical insights of Knerr (2003), who offers the most important characteristics for distinction between efficiently and non-efficiently operating NGOs.

Organizational management structure of NGOs

According to Guščinskienė (1999), a typical NGO has a formal organizational structure. As Barnard (1938) maintains, “<...> formal organization is a group of people, whose activities are deliberately coordinated in pursuit of common targets and who operate together purposefully”. Etzioni (1961) named three major types of formal organizations, these are as follows: normative, coercive and utilitarian organizations. NGOs belong to the type of formal normative organizations. Such organizations: (1) are intermediates between individuals and government; (2) develop organizational capacities of their members; (3) help traditionally repudiated and unrepresented groups to take part in political life; (4) facilitate state’s public administration (Sills, 1968). Thus, NGOs as representatives of the civic society may exist only in conditions of democratic regime, where individuals may freely declare their opinions, and cluster into free-of-state-control organizations that mach their interest and needs.
One of the most important aspects of Max Weber theory is model of bureaucracy. This model is especially important while analysing NGOs’ organizational management structure and its characteristics. Besides, it is very important to pay attention to other theoretical approaches – modern theories which presumably may also be quite suitably adapted for analysis of organizational management system of NGOs. According to Hatch and Cunliffe (1997), modernists, while formulating their theoretical approaches defining certain organizational aspects, built mainly on Max Weber. Realizing certain organizational principles and structural elements, which stimulate optimal organizational performance, modernists believed that they are capable to create an ideal organization only by realizing the basic laws of these relations. Nevertheless, the results are other than expected; it appeared that what suits one organization, may not suit another.

The contingency theory highlights that contextual, organizational, and human dimensions of organizational structure are closely interrelated and depend on organizational environment and such aspects as technology, size and strategy. Supporters of the contingency theory believe that it is possible to find a form of ideal organization only by analysing these dimensions and all related aspects. Burns and Stalker (1961) mention that there is no single the most suitable method to organize activities and each method of work organization is effective in different ways. According to these authors, the method to organize activities is closely related to organization’s environment. Besides, Burns and Stalker (1961) divided organizations into two categories according to their management nature: mechanic and organic organizations. It is evident that despite whether they are active at local or international level, all NGOs have common features of their organizational activity. Anyway, the most important aspect is how does organization (mechanic or organic) adapts to needs of its environment (Lawrence and Lorsch, 1967).

The substantial link between Max Weber’s and the contingency theories is hierarchy of organizations. Brown and Iverson (2004), Miles and Snow (1978) formulated a distinctive approach and theoretical assumptions to investigate strategic orientations of NGOs.

**Strategic orientations of NGOs**

Links between concepts of strategy, organizational structure and activities are analyzed by Miles and Snow (1978). These authors basically have formed a new approach to organizational strategy by highlighting three problematic aspects: organizational, engineering and administrational. The organizational aspect is related to way in which the organization defines its
services, products and target market. In case of non-governmental sector, it refers to organizations’ perception of responsibility and duties towards the community, and the way this perception influences spectrum of the services provided, cooperation manner and interests served. *Engineering aspect* is related to way in which an NGO is capable of providing its services, i.e. with a certain operational decision. It is related to methods of service provision (e.g. technologies) and informational links for ensuring successful activities. Non-governmental sector often associates this aspect to voluntary work and its efficiency. *Administrational aspect* connects structures and processes with management and control operations. Its primary aim is to diminish uncertainties of organizational activities as much as possible. On the other hand, a perfect organization has systems, which ensure work efficiency and decrease uncertainties thus allowing innovations respectively. Again, management structures of NGOs often serve for sustaining and controlling consistency of organizational activities, through assessment of environmental factors and consideration of possible strategic innovations and resources.

Miles and Snow (1978) developed four different perspectives of organizational strategies, which are linked with different management styles. This way, organizations may be classified to four groups: *defenders, prospectors, analyzers* and *reactors*. According to Brown and Iverson (2004), such categorization allows Miles and Snow to analyze organizations generally. It is important to mention that the authors mostly emphasise *defenders* and *prospectors* due to the fact that these two types are clearly different, and the aspects of strategic performance that they implement are much more differentiated in terms of width of activities spectrum, breadth of management apparatus, and employment of technologies.

NGOs with narrower organizational structure and smaller management apparatus may be attributed to the *defender’s* category following the definitions proposed by the above-mentioned authors. For *defenders*, it is more important improving the current activities rather than developing new activities; they prefer to engage into limited number of activities ensuring their high quality. Conversely, NGOs with broader activity scope and wider management apparatus are attributed to *prospector’s* category. Such organizations typically have clearer hierarchic relationships.

**Operational efficiency of NGOs**

Speaking about efficiency of NGO activities, numbers of problems arise. Fowler (1997) maintains that despite the increased interest in assessment of activities, there is still lack of
appropriate arguments for efficiency of NGO development projects and programmes. It is clear; however, that search for NGOs’ operational efficiency is one of the most complicate tasks as long as it is related with the operational results which are frequently difficult to notice. This is due to the fact that operational results are related with hardly tangible social change, transformations in society’s consciousness as well as other similar effects.

While analyzing efficiency of NGO activities, Knerr (2003) defined the following characteristics which are the most important for efficiently functioning NGO: clarity of mission, strong management and regular contemplation of strategy. Basing on these characteristics NGOs’ operational efficiency may be assessed.

**Methodology of the research**

The research is conducted using method of structured interview. It consisted of 77 questions divided into three blocks. The first block consisted of questions related to the NGO organizational management structure. The second one comprised questions regarding NGO strategy. The third block of questions is about the assumptions of NGO operational efficiency. These questions are formulated with aim to confirm or disprove assumptions that are raised after the thorough examination of theoretical background. The assumptions are as follows:

1) NGOs that have wide spectrum of activities have high level of hierarchy;
2) NGOs, which unite more members, have large and clear hierarchy;
3) Lithuanian NGOs possess considerable division of work as well as rather low vertical differentiation (according to Max Weber’s theory);
4) Majority of Lithuanian NGOs have organic management nature (according to Burns and Stalker’s (1961) definition);
5) NGOs, which act as *prospectors*, possess difficult and broad organizational management structure (following Miles and Snow’s (1978) categorization);
6) NGOs, which act as *defenders*, possess less strict hierarchy and narrow organizational structure (following Miles and Snow’s (1978) categorization);
7) NGOs possessing clear and well-defined mission, permanent and strong management and strategic perspective show high operational efficiency;
8) NGOs possessing narrow organizational structure, strict management hierarchy, and narrow spectrum of activities show high operational efficiency.
For the research, sample of ten organizations the research is selected from all Lithuanian NGOs. The interviews are transcribed and information analysis is performed building on the basic theoretical framework by Max Weber, who is cited by Daft (2004), Miles and Snow (1978), Knerr (2003).

Results of the research

The results of the research are introduced below following the structure of the questionnaire. They are grouped according to the three managerial aspects of NGO sector that are described as the aim of the paper.

Organizational management structure and manifestations of hierarchy in NGOs

Although Max Weber underlined necessity of hierarchy as a mean for eliminating ambiguity in an organization, in the researched NGOs this aspect is omitted. NGO staff members tend to rely on one person – organization’s leader building on the institutional statutes and attitudes of personnel. Seven out of ten NGOs reported that the organization is managed by one person. Only one organization reported that it is very difficult to describe its management apparatus and leadership.

It is important to mention that at the same time, in everyday NGO's life managers/leaders are considered as „friend” or „good acquaintance”, which consolidates informal relations within an organization. While real hierarchic relations are „hidden” under this informal communication, this creates plenty ambiguous relations as regards both: subordination and division of work, as it is mentioned by Max Weber.

In all researched organizations, the existent informal relationships create a huge interpersonal space where, referring to the responses, there are many manifestations of amiability and disfavour as well as plenty of emotional and much fewer formal relationships. This contravenes statements of the Max Weber’s theory.

Combining Max Weber’s insights of the ideal bureaucracy and hierarchy with the research results, the following important conclusion may be brought: despite the informal relationships between the members of NGOs and particularities of social activities, in all researched organizations hierarchic relationships between the managers and the rest of staff members exist. Whereas, the extents to which the hierarchy manifests in these NGOs are clearly different: only in
two organizations having broad activity spectrum and wide management apparatus, possessed mostly hierarchic relationships between the managers and subordinates. Meanwhile all organizations have clear institutional statutes and duty descriptions. These findings propose that NGOs in their everyday activities are rather non-hierarchic organizations, which is confirmed by the majority of researched organizations. However, the respondents realize that at least officially framed hierarchy exists in their institutions, which in fact is sought to be changed with informal relations. This allows thinking that representatives of the non-governmental sector indeed assess the management and professional relations twofold: on one hand, manifestations of hierarchy are anchored in official organizational regulations of the researched organizations; on the other hand, the idea of hierarchy seems to be avoided by staff members of these NGOs.

In majority of organizations, horizontal relationships prevail in terms of management, subordination and division of work. Only two of ten NGOs reported that they have particular chain of command where management apparatus appoints specific tasks. Absolutely all organizations highlighted informal relations as a method for softening any possible manifestation of vertical relationships. Results of the research proved that NGOs possess highly differentiated division of work as well as rather low vertical differentiation, as it is suggested by Max Weber. This may be explained by a fact that nearly all NGO members have very similar competencies for executing the tasks.

Combining modernistic theories with the research results, it might be concluded that all the researched NGOs may be easily attributed to organic type of organizations as long as they must constantly adjust to changing external environment. Besides, they are less specialized and less hierarchic than other types of organizations. Herewith it is important to mention that the research shows another tendency: all NGOs work in rather unsafe constantly changing environment. Their staff must constantly adapt to new work conditions, shifting activities and quite frequent financial difficulties. These factors also strongly influence organization’s operational efficiency: in case of unsafe environment, implementation of mission suffers; future perspectives and strategic plans are difficult to build.

Projecting results of the research onto Lawrence and Lorsch’s (1967) ideas, another trend emerges: larger (in terms of its members) NGOs have major need for integration through clear regulation of professional relationships, which in several NGOs are tightly bound to hierarchic
relations. Meanwhile smaller NGOs require less formalization due to the fact that in such organization’s relations between managers and subordinates are close and, according to opinion of respondents, beneficial for the whole collective.

Basing on the above presented results of research, it may be that the first four assumptions are confirmed: 1) NGOs that have wide spectrum of activities may be characterized as having higher level of hierarchy as long as the regulated relationships provided them with better opportunities to act in different spheres; 2) NGOs, which unite more members, appeared to have large and clear hierarchy as well: relationships between managers and subordinates manifest strongly in such institutions; consolidation of management apparatus is especially noticeable while making crucial decisions; 3) Lithuanian NGOs possess considerable division of work as well as rather low vertical differentiation; 4) Majority of Lithuanian NGOs have organic management nature, which is evidenced by a fact that they are less specialized and less hierarchic than other types of organizations, and must constantly adjust to changing external environment.

**Strategic orientations of NGOs organizational activities**

Analysing results of the research, NGOs are divided into two categories: defenders and prospectors referring to typology of organizations offered by Miles and Snow (1987).

NGOs with narrower organizational structure and smaller management apparatus are attributed to the defender’s category following the definitions proposed by the above-mentioned authors. This division is rather difficult and required deep analysis of the responses. NGOs with broader activity scope and having wider management apparatus are attributed to prospector’s category. These organizations are run by a management board or more than one top-manager and his/her deputies. Besides they act in more than one sphere (e.g. youth problems, adult education). Meanwhile NGOs operating in one activity field and possessing rather narrow management apparatus are attributed to the defender’s group.

The research confirms the fifth assumption: NGOs that are much smaller in terms of member and have narrower management apparatus, tend to engage into restricted number of activities, but at the same time they seek for quality of the services they provide. Miles and Snow (1978) note this particular defender’s tendency: for such organizations, it is more important to
improve the current activities rather than developing new ones, and to engage into limited number of activities ensuring their high quality.

While speaking about prospectors – organizations with big number of members and large management apparatus (as described by Miles and Snow, 1978) – opposite tendency is observed. The research discovered that organizations, which activity spectrum is broader also have higher number of members and their management apparatus is wider if compared to defenders. Thus, the sixth assumption is also confirmed: NGOs, which act as defenders, possess less strict hierarchy and narrower organizational structure. It is important to mention that hierarchic relationships are much clearer among the prospectors, while defenders mostly highlighted necessity for informal relations and reported strive to avoid hierarchy in everyday activities.

It is evident that building on theory of these authors, one can clearly connect organizational structures of NGOs with their selected performance strategies.

**Operational efficiency of NGOs**

Operational efficiency of NGOs is evaluated building on Knerr’s (2003) theory regarding this issue. The difficulties in identifying characteristics (importance of mission, management aspect and strategic thinking) of operational efficiency of NGOs are related to the fact that not all aspects mentioned by Knerr (2003) are adequate to Lithuanian situation. Despite of that, the research results allow noticing some common tendencies. Absolutely all researched organizations tend to name themselves as efficient ones in terms of activities engaged and strive for implementation of goals. Despite of that, none of the organizations underline either importance of mission or necessity for management, or even strategic orientation for efficiency. After comparing responses of the organizations it appeared that all NGOs except for one have their missions formulated; however not all are capable of implementing their missions mostly due to lack of finances and changing environment.

At the same time, researched NGOs reported that they rarely reconsider their missions and re-evaluate their conformity with the society’s needs; NGOs usually do not try to adapt the missions to the changing environment. Despite the fact that the NGOs perceive organizational mission as the main guidelines for activities, only several organizations reported that they clearly follow their
mission. Among these NGOs, the majority possessed high number of members, clear hierarchic structure and broad management apparatus.

Management aspect is similar in nearly all NGOs. Top-managers of the researched organizations have quite clear attitudes regarding attainment of goals, implementation of mission, and, according to the respondents, strive to perform their tasks as efficiently as it is possible. All researched organizations reported that the organizational management corresponded to their aims and mission. Due to the fact that there is a lack of critical assessment of the top management among the respondents, it is rather difficult to compare organizations. Only two organizations with broad and one with narrow activity spectrums possessing quite clear hierarchic structure can describe position of top-management within the organizations very concretely. These three NGOs coherently report their permanent involvement into the work organization processes, highlight on activity regulations, and permanent strive for implementation of organizational goals and mission. This allows concluding that management of these three organizations is more advanced than management of the rest researched NGOs. The other seven respondents spoke about their organizational management quite generally, and could not provide specific information about the management activities. This fact restricts deeper analysis of the NGO management aspect.

According to Knerr’s (2003) theory, the third aspect which is related to efficiency of activities is organization’s strategic thinking. The vast majority of the researched NGOs reported that they have activities that are similar to strategic planning; however they are not able to notice these activities more precisely. The majority of the researched organizations reported top managers rarely using such terms as strategy, strategic perspective, and strategic orientation. This strengthens the impression that these NGOs are not strategically oriented. Goals of a frequent NGO are short-term and they are mostly associated with terms for implementation of certain projects. One important aspect should not be omitted in this discussion – frequent NGO reasoned its inability to plan with lack of finances and unclear future perspective. Nevertheless, as Knerr (2003) maintained, financial issues should not be an obstacle for organizations striving to become efficient and to plan and develop their activities continually. Only two organizations provided information about their long-term goals, valid strategic plans and their implementation. These organizations have high number of members; possess clear hierarchic structure and broad management apparatus. Thus, as regards the third aspect, only two organizations possess operational efficiency. The rest NGOs are
not clearly oriented towards the future perspective, they cannot present specific future plans or guidelines. It must be noticed that a frequent organization confuse mission with the strategic orientation. This confirms that neither mission nor strategic orientation aspects allow identifying these NGOs as effectively operating.

In summary, the following conclusion can be made on the basis of previous analysis: only two out of ten researched organizations might be considered as effectively working ones. They clearly satisfy characteristics of mission clarity and explicitness, permanent and firm management and long-term strategic perspective. Besides, NGOs that have broad organizational structure, strict management hierarchy and broad spectrum of activities may be considered being more efficient. Thus the formulated assumptions are confirmed.

The main connections between the theoretical insights by various authors and results of the research are generalized in the conclusions below.

**Conclusions**

- Avoidance of hierarchy manifestation in social relations and giving prominence to informality as imperative in the non-governmental sector create many ambiguous relationships in relation to both: subordination and division of work;
  
- NGOs assess the management and professional relations twofold: on one hand, manifestations of hierarchy are anchored in official organizational regulations of the researched organizations; on the other hand, the idea of hierarchy seems to be avoided by staff members of these NGOs.
  
- Lithuanian NGOs may be attributed to organic type of organizations (according to Burns and Stalker’s (1961) definition), which is evidenced by a fact that they are less specialized and less hierarchic than other types of organizations, and must constantly adjust to the constantly changing environment.
  
- NGOs work in rather unsafe environment, their staff must constantly adapt to new work conditions, shifting activities and quite frequent financial problems.
  
- NGOs possess substantial division of work as well as rather low vertical differentiation (according to Max Weber’s theory);
Results of the research showed that NGOs that have wide spectrum of activities have high level of hierarchy;

Results of the research showed that Lithuanian NGOs, which unite more members, have large and clear hierarchy;

Results of the research proved that NGOs, which act as prospectors, possess difficult and broader organizational management structure (following Miles and Snow’s (1978) categorization).

Results of the research confirmed that NGOs, which act as defenders, possess not strict hierarchy and narrow organizational structure (following Miles and Snow’s (1978) categorization).

Two out of ten researched organizations possess operational efficiency as they clearly satisfy characteristics of mission clarity and explicitness, permanent and firm management and long-term strategic perspective (according to Knerr’s (2003) definition).

In general, results of the research reveal that those NGOs possessing broad organizational structure, strict management hierarchy and wide spectrum of activities may be considered being more efficient.

Recommendations for further researches

- It is recommended to do further researches of NGO organizational management structure and deeper analysis on manifestations of hierarchy and informal relationships as well as models of relations between organization management and members.

- Further research should be conducted concerning aspects of regulations for NGO performance as well as everyday intercommunication of the organization’s management and its compatibility with these regulations.

- Operational efficiency of NGOs should be examining more deeply. For example, up-to-date methodology for researching operational efficiency of NGOs, adapted for the Lithuanian situation should be formulated.

References

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