

# **A Critical Cross-cultural Perspective for Developing Nonprofit International Management Capacity**

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## **Abstract**

This paper reviews the emerging literature, developing a conceptual framework to understand the international and cross-cultural context of development nonprofit organizations (or NGOs), the process of transfer of management knowledge across cultures, and the implications for effective and appropriate management and organizational capacity building, and the assessment of impact of management actions. It recommends a research agenda to further investigate management of non-governmental organizations.

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## **Introduction: Contextualizing International Development NGO Management**

Countries described as ‘developing’ comprise 80 per cent of the world’s population (Punnett, 2004). Within these regions of the World the ‘third sector’ is big business: comprising nonprofit or non-governmental organizations (NGOs). Working with or increasingly competing with the other two sectors – governmental and commercial – for resources, contracts and staff, the combined annual budgets of those operating from the developed world amount to some \$12.5 billion, with the top ten organizations representing 20 per cent of this. These ten top organizations employ internationally more than 27,000 staff (Salm, 1999). It is almost impossible to estimate the number and budgets of the many ‘local’ nonprofit organizations in the developing world, but they also are part of a \$60 billion dollar international aid business (Dichter, 1999). This business is multinational by nature, delivering services locally (Cernea, 1988).

The idea of ‘managing’ NGOs or nonprofit organizations appears only as a recent consideration among practitioners and academics, and reported opinions among development practitioners seem to run from complete distain of anything to do with managerialism to uncritical acceptance of Western management principles (e.g. Kaplan, 1998; and, Fowler, 1997). Lewis (2001) suggests some nonprofit organizations in the development sector have revised their opinions about management and have rushed into importing the latest management technique in an attempt at a ‘quick-fix’. In the 1990s, for example, there was an emphasis on the need to develop systems for strategic planning, which in the commercial sector had comprised popular techniques in the 1970s. Yet this was precisely at the time when theorists such as Mintzberg (1994) were beginning to become aware of their limitations (Lewis, 2001).

According to Fowler (1995) pressures on development NGOs from donor organizations in the ‘developed world’ to adopt ‘modern’ management techniques are considerable. For example, he notes that the increased access to public funds of development NGOs has come with more stringent conditions from donor agencies, including a requirement for enhanced accountability and organizational transformations (Fowler, 1995).

Yet there are two related key issues in the management of development NGOs that taken together have only received scant attention in the literature. The first is management effectiveness. The second is management appropriateness. The first is often addressed in response to a narrowly conceived stakeholder base. Gibb and Adhikary (2000) propose that local NGOs often have a weak resource base and therefore are more likely to lapse into chasing funder resources rather than reflecting local needs. As a result of this they are prone to becoming supplier rather than customer led: they are more likely to be geared to meeting the needs of the supplier-side organizations rather than their ultimate local customers. This may have the implication that they become isolated from the local stakeholder base. Yet Cernea (1988) asserts that development NGOs claim that their 'comparative advantage' is in their local responsiveness, social focus, and cultural sensitivity to peoples' needs and the appropriateness of interventions. This contradiction appears not to be fully addressed in the literature.

The recent appearance of references to cross-cultural management theorists, particularly to Geert Hofstede (1980/2003) in the academic development literature in general (Dia, 1996) and those addressing NGO management in particular (Lewis, 2001) has perhaps not served to address many issues, only to highlight some of the problems of the transferability of 'modern' or Western management principles and practices to NGOs working in developing countries. This has occurred at a time, when such theory that was seminal in the 1980s is coming under intensive critique in the management literature (Fang's, 2003 critique of Hofstede's fifth dimension is an example).

Despite the fact that the main business of development NGOs involves working across cultures, the growing literature on NGO management rarely mentions 'culture'. It is mentioned once in 460 pages of the Edwards and Fowler, 2002, *Earthscan Reader on NGO Management*, and 'cross-cultural' or 'inter-cultural' not at all. Where culture, or a cross-cultural perspective is discussed, it is seen as an additional factor that should be considered, rather than an integral part of our understanding of NGO capacity building (such as in the otherwise useful introduction to NGO management of Lewis, 2001). Arguably, few organizations operating in the modern world can remain untouched by cross-cultural considerations. Yet extant cross-cultural theory, where it has been alluded to in the development literature (Dia, 1996; Lewis, 2001) seems inadequate in dealing

with issues of cultural interaction and power balances within the international stakeholder base of development NGOs. The objectives of the current review are therefore to:

1. Develop from the current literature a cross-cultural framework that is applicable to the issues of management effectiveness and appropriateness within development NGO.
2. Provide from the literature an analysis of the transferability of management capacity building principles, particularly from 'developed' to 'developing' world, using the criterion of appropriateness.
3. Suggest how this might inform NGO management through a cross-cultural approach.

Learning from previous relevant research of management and organizations in developing regions (e.g. Jackson, 2004), this current article also proposes a research agenda in the area of knowledge transferability, management capacity building and assessment of impact of management action in international and local development NGOs.

### **Management Systems and Cultural Hybridization**

A concept that was investigated empirically by Jackson (2002b) across seven diverse cultures, *locus of human value*, can help in understanding cross-cultural interaction. 'Western' management (American, French, Scandinavian, etc) encompasses many different approaches to managing people and organizations. Culturally these approaches appear to be linked by an *instrumental* view of people in organizations as a means to an end. This distinguishes them from 'non-Western' views that often see people as an end in themselves: that is, a 'humanistic' view. Jackson (2002a) asserts that viewing human beings as a 'resource' reflect the former view. Hence the predominance of the phrase *Human Resource Management* throughout the world, including within the NGO sector, reflects the (uncritical) influence of this view: although, for example, the term 'people management' is gaining currency in South Africa (the leading practitioner journal in this area is called 'People Management'). In cultures that stress the value of a person in themselves (and often as part of a wider social collective), imposing a perception of

people as only having a value in what they can do for the organization (a resource), rather than valuing them for who and what they are, appears to runs contrary to many ‘non-Western’ cultural values systems (e.g. Japan: Allinson, 1993; Africa: Mbigi, 1997; India: Rao, 1996).

The literature on the NGO sector appears to be adopting the idea of human beings as a ‘resource’ uncritically, and culturally insensitively (Fowler, 1997, is an example). This may not be at odds with their humanitarian mission (the task and results upon which they are focused, and therefore seeing staff as a means to achieving this: Gibb and Adhikary 2000), but may well be at odds with their humanitarian values: which logically should also apply to their staff.

It may be possible to identify *locus of human value* (an embryonic theme running through the international management literature) as an important factor in understanding the different management systems in developing countries, their appropriateness, and how they often combine in hybrid forms in individual organizations (for example Priem, Love & Shaffer, 2000; Jackson, 2002b). These different forms of management are now examined in order to explain their significance in understanding the cross-cultural context of managing NGOs (see Figure 1). For this purpose published research on sub-Saharan Africa is predominantly focused upon.

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Figure 1 about here

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### ***A ‘Developing-Developed’ World View: Post-colonial Management***

The literature on management in developing countries of over a decade and a half ago predominantly appears to see indigenous management as hierarchical, centralized, authoritarian or at best ‘paternalistic’, rule bound, lacking flexibility and distrustful of employees (Kanungo and Jaeger, 1990; Blunt and Jones, 1992; Kiggundu, 1989): management in ‘developing’ countries is seen in a pejorative sense. The suggested ‘solution’ within the *developing-developed* world paradigm (the critique of which has spawned a huge literature in cultural and literature studies around ‘post-colonial theory’

from Said's, 1978, work on orientalism; to more modern work such as Schech and Haggis, 2000, in development studies; and Ahluwalia, 2001, in political and regional studies) is to move towards a 'Western' approach. Evidence of this is presented in the contributions in Budhwar and Debrah's (2001) edited book on human resource management in developing countries. This appears to represent a results and market focus, often consultative/participative, and using a 'contingency' approach that balances a task and people focus. Multinational corporations, as well as agencies such as the World Bank/IMF, have been urging this movement over the last two decades (Barratt Brown, 1995; Mbaku, 1998; Wohlgemuth, Carlsson and Kifle, 1998). This uptake of 'Western' principles applies to NGOs operating in developing countries as Taylor (2002) points out. Yet this appears to represent a similar dynamic to that which created post-colonial systems (Jackson, 2004).

Dia (1996), among others, posits the disconnect thesis: institutions were imposed on communities during the colonial era. This gave rise to the systems of management and control that have continued to be seen as 'African': African chiefs were seen as dictatorial, authoritarian and non-consultative. Ayitter (1991) posits the opposite thesis to this: that African chiefs ruled by consensus. Yet these post-colonial systems as an historical legacy (see Figure 1) appear to continue to alienate employees in sub-Saharan Africa (Jackson, 2004; Abudu, 1986). There is evidence that post-colonial systems may be a feature in some NGOs in developing countries (e.g. Edwards', 1999, description of SCF in Bangladesh), but clearly this is an area where more research is needed. Hofstede's (1980/2003) theory of cultural value dimensions suggests that developing regions are typified by high power distance, where there is deference shown to authority and an acceptance of differences between employee and boss, and poor and rich (Kanungo and Jaeger, 1990; Blunt and Jones, 1992; Dia, 1996). Yet this may be too simplistic as evidence from traditional cultures in sub-Saharan Africa for example suggests (Ayitter, 1991; Jackson, 2004).

Although there is a growing literature on how NGOs should be managed (often within a Western framework), there has been little research undertaken on how NGOs are actually managed. There is evidence that post-colonial systems may be a feature in some Southern NGOs (e.g. Edwards', 1999, description of SCF in Bangladesh). Hence:

*Proposition 1a.* NGO management in developing regions will exhibit characteristics of post-colonial management.

*Proposition 1b.* Where this is the case there will be a lack of fit between the culture of the organization and the community that the organization serves.

*Proposition 1c.* Staff will exhibit signs of demotivation and alienation.

So, are so-called ‘Western’ (or more accurately Anglo-America) management systems any more appropriate in developing regions and in NGOs operating in these regions? The literature that addresses this question is now examined.

### ***Toward ‘Modern’ Management: ‘Post-instrumentalism’***

From the British HRM literature it is possible to surmise that mature ‘modern’ human resource management (HRM) systems in Western countries do not reflect a ‘hard’ instrumentalism such as in McGregor’s (1960) System X or the scientific management of Taylor (1911). Modern systems have adopted a ‘contingency’ principle that uses task- and people-focused approaches as appropriate (Beer and Spector, 1985; Tyson and Fell, 1986; Hendry and Pettigrew, 1990; Storey, 1992; Vaughan, 1994). However, there is evidence to suggest that where Western HRM methods have been adopted in ‘emerging’ economies such as the former Soviet countries and in developing countries, they have taken the harder forms (Jackson, 2002b). Participation and empowerment have become part of the discourse of contingency instrumental approaches (Taylor, 2002), rather than part of a humanist approach that values people as an end in themselves (Mbigi, 1997: and discussed under).

In countries such as South Africa in the commercial sector, participation and empowerment appear to be utilized on a tactical basis, at an operational level of the organization (where the objective and task is provided to a work team that can then implement the decision in any way it wishes within budgetary and other constraints) leaving strategic decision-making processes within the sphere of the organization’s (often foreign) elite, and without reference to a wider stakeholder base (Jackson, 2004). Although this may be termed ‘post-instrumental’ to denote the sophistication of ‘modern’ management methods (Figure 1), the common factor in such approaches appears to be a

results-orientation. The underlying assumption appears to remain that people in organizations are seen as having an instrumental value as a means to an end (Jackson, 2002a).

With evidence suggesting that Western approaches are being used uncritically in development NGOs (Lewis, 2001) driven by globalization and the demand for economic and structural reform (Foreman, 1999, for example, talks about the ‘McDonaldization’ of NGOs), such post-instrumental management approaches may run contrary to humanistic cultural perceptions within the local community (Mbigi, 1997; Ayitter, 1991; Binet, 1970). Hence:

*Proposition 2a.* Development NGOs are increasingly adopting Western, instrumental approaches to managing.

*Proposition 2b.* Where this is the case there will be a lack of fit between the culture of the organization and the community that the organization serves.

*Proposition 2c.* Staff will perceive this as disconnected from their home and community lives and culture.

### ***Towards Humanistic Management Approaches: The ‘African Renaissance’***

Humanistic approaches to management are being articulated within Africa (Mbigi, 1997). This is particularly manifest in South Africa through the concept of *ubuntu* which is derived from a Xhosa saying meaning ‘people are only people through other people’ (Boon, 1996). A number of public and commercial sector organizations have implemented management development programmes based on these principles that seek to capture indigenous African values (Swartz and Davies, 1997).

Evidence from other sub-Saharan countries that have not necessarily come into contact with *ubuntu* principles from South Africa, suggests that some organizations are attempting to reintroduce ‘African’ values (Jackson, 2004). Whether or not this movement has touched the NGO community is difficult to determine in the absence of empirical research. Yet the humanistic view of people is in line with the stated mission of many development NGOs. Although this may come into contradiction with the considerable influence of Western management approaches (represented as a bold line to

indicate a pre-eminence in Figure 1). There are inferences in the literature that NGOs need to relate to their local clientele in a way that reflects local values and practices (Gibb and Adhikary, 2000; Howes, 1997), but little on the way that internal management reflects humanistic and communalistic values. Hence:

*Proposition 3a.* There is some movement towards a humanistic management approach within development NGOs

*Proposition 3b.* Where this is the case, this will provide a closer fit between the culture of the organization and the community within which it works.

*Proposition 3c.* Staff will also be more involved in the organization as they will see a connection between work and their home and community life.

Rather than representing any one of these three ‘ideal types’ suggested in the literature (post-colonial, post-instrumental or Western, and humanistic/indigenous) it is likely that NGOs, just like organizations in other sectors, have got to adapt and develop hybrid organizations that are effective within the context in which they operate. How this is approached in the literature is considered next.

### ***Cultural Crossvergence and Hybridization in NGO Management***

Although these three management systems are unlikely to be found in any pure form, they represent historical and current cultural influences on modern day management practices in various hybrid forms (Figure 1). The usefulness in describing these ‘ideal types’ is in conceptualising and analysing the different influences on management in developing regions such as sub-Saharan Africa in a process of cultural crossvergence and hybridization (Ralston, et al, 1997; Priem, Love & Shaffer, 2000) of management systems.

There is a tendency in the international management literature either to accept the *convergence* thesis that, due to globalization, cultures are coming together (e.g. Hickson and Pugh, 1995), often through the economic power and hegemony of American influence; or to accept the *divergence* thesis that (national) cultures although changing remain essentially different from each other, and these differences should be taken into consideration when managing across cultures (e.g. Hofstede, 1980/2003). A third thesis is

becoming more current: *crossvergence* (see Priem, Love & Shaffer, 2000, for a review). This suggests that through different cultural influences hybrid forms of management are developing, some highly adaptive to their operating environment, some maladaptive (Jackson, 2002b). This has been increasingly studied in Hong Kong (Priem et al, 2000); and has also been used to develop systems of people management such as in the case of Indian HRD (human resource development) which brings together Western and Indian influences (e.g. Rao, 1996).

However, these theories do tend to miss out the importance of power and ideology in the development of hybrid management forms. For example, the power of development agencies and donors, and influence of Western management textbooks and courses must have had a substantial impact on the type of hybrid management forms operating within development NGOs. Yet organizations operating for example in Africa, Human (1996a) contends, cannot simply go back to supposed management methods that existed before colonial times. History cannot be defied. However, the process of hybridization can be managed within a capacity building approach (Figure 1). The complexities of the operating environment can be understood and redefined. Different stakeholders' inputs within the decision-making process can be facilitated. Appropriate leadership and management styles can be developed. Motivation and commitment can be attuned to local conditions. And, multiculturalism and multiple influences of culture can be used as an advantage, not a disadvantage in developing NGO management capacity. Hence:

*Proposition 4.* Management approaches that seek to manage cross-cultural influences and dynamics will be more successful/effective/appropriate within their operating environment.

From the process of cultural crossvergence and cultural hybridization, one of the major issues arising is the transferability of management knowledge from one culture to another. This aspect can be considered within the general framework presented in Figure 1, and is next discussed.

## **Knowledge Transfer Across Cultures**

The notion of ‘capacity building’ within the NGO can be used to highlight the issues concerning transferability of management knowledge. Capacity building might be construed as something that Northern NGOs facilitate in their Southern partners (Lewis, 2001). Concepts of capacity building appear to grow out of the assumptions of Northern (‘developed’) contexts and cultures rather than the exigencies of Southern (‘developing’) contexts and cultures, and have connotations of efficiency and effectiveness, as well as accountability of Southern NGOs (Lewis, 2001; Fowler, 2003). Hence it may well contain ‘packaged’ approaches such as the HRM competences approach; the type that Kaplan (1999) argues forcibly against. Kaplan’s approach is rather to ‘listen’ to the needs of Southern NGOs. In considering ‘capacity building’ as an example of knowledge transfer, it is necessary to focus on contextual, cultural issues involved in the transferability of management knowledge that impact the process of hybridization (Figure 1). These issues involve cultural barriers to transferability.

As Lewis (2001) suggests ‘capacity building’ appears to have its parallel in the commercial sector in organizational development (OD) which predominantly takes a process approach. Both capacity building and OD approaches often have a ‘participatory’ orientation. If one looks in more detail at the aspects incorporated in organizational capacity building in the NGO sector according to one account (Khadar and Perez, 2003) that brings together current thinking on capacity building, it is possible to highlight some of the potential cross-cultural difficulties in directly transferring practices.

## **Perception of the value of people**

According to Khadar and Perez (2003) individual knowledge, skills, and attitude development must be combined with team-building and organisational systems that channel human abilities and resources to achieve organisational goals. Yet this may reflect an instrumental approach to people as ‘resources’, rather than as stakeholders of the organization and as part of a wider stakeholder community. It may therefore be based on a view of the value of people that is out of line with local cultures as was discussed in the literature outlined above. Hence:

*Proposition 5.* Local NGO staff will see imported capacity building approaches as out of line with local cultural assumptions of the value of people.

### **Perception of change processes**

Khadar and Perez (2003) also assert that capacity building must address the need for organisational flexibility and creativity to adjust to continuous changes in the surroundings; and that transformational change processes must be initiated and sustained in organisations. Yet Western change management approaches may engender uncertainty. Hofstede's (1980/2003) concept of 'uncertainty avoidance' is enlightening here. Change creates uncertainty. Hofstede proposes that cultures vary on their ability to cope with uncertainty. According to Hofstede's data, many Western countries (particularly the Anglo-Saxon and Scandinavian countries) have cultures that have a high tolerance of uncertainty and ambiguity. Blunt and Jones (1992) and Kiggundu (1988) claim that many African cultures are not tolerant of ambiguity, and this may apply to cultures in other developing regions. Introducing change management methods that work well in Anglo-Saxon countries may only serve to increase uncertainty and anxiety (Jackson, 2002a). Hence:

*Proposition 6.* Imported capacity building approaches in Southern NGOs will create feelings of uncertainty among local staff.

### **Perception of people's adaptive capacity**

Khadar and Perez (2003) argue that organisations must adapt their services to changing stakeholder needs. This requires environmental monitoring and responsiveness to changing circumstances. Yet the perceived level of the flexibility (malleability) of staff and their own perceived ability to influence outside events (locus of control) have been called into questions by Kanungo and Jaeger (1990). Smith et al's (1994) data appear to confirm that many developing countries have an external locus of control, indicating that staff and managers believe that many outcomes are beyond their personal control. Hence:

*Proposition 7.* Imported capacity building approaches in Southern NGOs will engender feelings of helplessness in the face of influencing events.

### **Perception of organisational complexity**

Also according to Khadar and Perez (2003) there is a need to move beyond managing organisations as isolated entities towards managing complex programmes, partnerships, alliances, and networks. Yet this aspect raises a whole number of problems associated with transferability across cultures, many of which are highlighted by Bhagat et al (2002). One particular issue is the transfer of tacit knowledge of complex systems from cultures that are individualistic (which tend to rely on explicit, codified knowledge and which exemplify many developed and Western countries) to cultures that are collectivistic (which rely on tacit knowledge, and which exemplify many developing and non-Western countries). Bhagat et al (2002) also describe the level to which cultures are vertical (high power distance) or horizontal (low power distance) and the difficulties in transferring organizational knowledge between them. The way organizational complexity is conceived and managed may present a whole raft of issues concerning transferability of principles and practices across cultures. Hence:

*Proposition 8.* Imported capacity building approaches in Southern NGOs will create conditions of confusion and a lack of understanding among local staff.

### **Perception of learning**

Finally, Khadar and Perez (2003) assert that capacity building involves experimentation and learning-by-doing, as well as reflection and analysis, to keep the capacity development efforts on track and to learn from successes and failures. Work by Hayes and Allinson (1988), Allinson and Hayes (1988) and Niles 1995 suggest that learning styles, and expectations of the learning process vary across cultures, so much so that the Anglo-Saxon notion of learning is difficult to translate even into other European languages (Hofstede, 1991). Such a concept is learner-centred and process-focused. The emphasis is on process, or how to learn, rather than on the content, or what you know. Many other non-Anglo-Saxon approaches to ‘teaching’ are content-focused, such as the French concept. Sawadogo (1995) for example suggests that such learning-centred approaches are inappropriate in sub-Saharan Africa. Hence:

*Proposition 9.* Imported capacity building approaches in Southern NGOs will create a negative learning environment for local staff.

‘Capacity building’ has been provided as an example in the literature of a management concept within the NGO community that may contain difficulties when transferring its principles to Southern NGOs. This also suggests that difficulties may be exacerbated when it comes to assessing the impact of such measures, and this is discussed later. First, it is necessary to outline from the literature, how a cross-cultural approach to management capacity building in the NGOs may be formulated.

### **Cross-cultural Approaches to Building NGO Management Capacity**

Figure 1 highlights six key areas that appear important in developing effective and appropriate management in organizations across sectors in sub-Saharan Africa (see Jackson, 2004). These areas are now used as a framework for critically examining the literature in relation to NGO capacity building in developing regions.

#### ***Managing Complexity and Uncertainty***

The context of ‘developing’ countries is often uncertain, risky, and complex. Add to this the overall operating context of NGOs whose management ‘have to balance the needs of local communities, with complex financial and operational considerations, and the demands of government and aid donors’ and ‘...face the challenge of working with some of the most vulnerable and disadvantages people in the world today in a range of projects (Hailey, 2002, p 4), then one has an idea of the scale of challenge for NGOs operating in developing regions. Compounding this is the mission of most NGOs to make fundamental changes to the way things are.

The way the context is perceived may be culturally influenced and mediated by power relations (Jackson, 2004); and the way that uncertainty within the environment is perceived has been shown to be influenced by culture (Hofstede, 1980/2003). These two aspects are now considered.

### **Assessing constraints and opportunities**

Rimmer (1991: 90) proposes that ‘some bodies, including the World Bank, have interests entrenched in an African crisis; their importance, the resources they command, perhaps even their very existence, depend on a perceived need to rescue Africa from disaster’. This comment could be extended to include the African elite who might have a vested interest in an ‘Africa crisis’ (Barratt Brown, 1995). There is evidence from the commercial sector in Africa that managers who have a positive attitude towards constraints and opportunities are beneficial to organizational success (Jackson, 2004). Hence:

*Proposition 10.* Development NGOs will be more successful where there is a proper assessment made of constraints and opportunities within their operating environment.

### **The management of change**

Two factors, which vary across cultures, in particular appear to influence the perception of uncertainty and ambiguity, and therefore the way that change can be managed in a complex environment such as sub-Saharan Africa: uncertainty avoidance (Hofstede, 1980/2003; Kanungo and Jaeger, 1990) and locus of control (Smith et al, 1994), which have been discussed briefly above.

There is some evidence that African cultural groups are less tolerate of uncertainty than, for example white settler groups in South Africa (Jackson, 2004). Change management processes that seek to empower staff lower down the organization to take ownership of change may only exacerbate the perception of uncertainty, and may be seen as the ‘boss not managing’ in a culture that is more hierarchical (Jackson, 2002a). There is also evidence that African groups may have a perception of not being able to control external events (compared with Western groups who appear to have a higher internal locus of control; Kanungo and Jaeger, 1990; Blunt and Jones, 1992). This factor which concerns the way people act towards their environment, may therefore be important when developing methods of managing change within the context of developing countries. Hence:

*Proposition 11.* Development NGOs will be more successful within their operating environment where there is a proper assessment made of staff's cultural propensities in handling uncertainty and change.

### ***Managing Decision-making Processes through Multiple Stakeholders***

One way in which uncertainty may be effectively managed, within a change process, is through the inclusion of multiple stakeholders in the decision-making process. Involving stakeholders is a theme running throughout much of the NGO literature (Tandon, 1995, in the area of NGO governance is one example). Evidence in Africa (Jackson, 2004) suggests that a wide stakeholder base is important to managing in an uncertain and complex context, and indeed to organizational performance and impact. This is no less important in the NGO sector (e.g. Edwards, 1999, of NGOs in South Asia). Yet while some enlightened (commercial) organizations may be attempting to involve a wider stakeholder group, many organizations in developing countries appear to be introducing more participative, empowering approaches purely on a tactical basis, and not involving wider stakeholder groups in strategic decision-making (e.g. evidence from Africa in Jackson, 2004; and see also a general critique in Cooke and Kothari, 2001).

Strategic decisions, often taken at head office, may not be appropriate to the needs of the wider stakeholder base, and may not enable organizations to effectively adapt to and manage their operating environment. Hailey (2001) suggests how the 'formulaic' approaches to participation in the work of NGOs may not only be culturally inappropriate, but may be more ominous as part of the agenda of donor agencies. He describes approaches of community networking within a wide stakeholder base that may be more appropriate in South Asia.

This suggests a need to look at participation in the decision-making process in terms of both the cultural context (what type of participation is culturally appropriate and why?) and in terms of the power relations between, for example Northern and Southern NGOs, or donor agencies and development NGOs (Kothari, 2002). It is likely, certainly in the contexts of sub-Saharan African countries, that wider stakeholder involvement in decision-making processes is both more appropriate in the communalistic oriented

cultures (see Mbigi, 1997; Ayittey, 1991), and more effective in making appropriate organizational decisions for sustainable development and capacity building. Hence:

*Proposition 12.* Decision-making processes that involve a wider stakeholder involvement will lead to more appropriate and sustainable development for NGOs within their operating environment.

### ***Using Appropriate Leadership and Management Styles***

As was discussed above, organizations in sub-Saharan Africa and other developing regions across sectors are developing numerous hybrid management systems. Three ‘ideal type’ management approaches were identified in the literature and used to conceptualize cultural and power influences in hybridization: namely post-colonial, post-instrumental and African renaissance or humanistic approaches. Also noted in the literature were the pressures from multinational organizations on local subsidiary organizations, from World Bank/IMF on public sector organizations, and on donor agencies on NGOs to adopt Western approaches, and hence a more instrumental focus, where leadership employs a contingency approach: balancing between task focus and tactical participatory focuses. Western management education and textbooks were said to reinforce these pressures.

This suggests that NGO managers, like those in public and private sector organizations, should be mindful of the appropriateness of leadership styles and methods, and in particular to be aware of the cultural embeddedness of leadership and management styles (an awareness of this in the management literature dates back to Hofstede’s 1980 seminal paper that asks if American leadership and management theory apply abroad) that have implications, among other aspects, for management and staff motivation. Hence:

*Proposition 13.* Managers of NGOs will manage more effectively and appropriately where they are aware of cultural influences on their own leadership styles, and adapt them accordingly to local expectations.

### ***Motivating and Rewarding Managers***

There has been a tendency in the NGO literature to downplay the role of motivating and rewarding managers in NGOs. Managers have been seen to be motivated by higher ideals such as contributing to social change. Yet, as) points out, this attitude may be changing, as NGOs have become more market-driven during the 1990s, as well as through the enlargement of the sector and the need for good managers and staff from other NGOs and from donor agencies. There are increasingly market-driven pressures to focus more on the way managers are motivated and rewarded. There may also be movement of managers from one sector to another. Commercial managers from the private sector may need attracting. Poaching from the public sector may also be a factor. NGOs appear to be less immune to motivational and reward considerations (Fowler, 1997).

The way managers are motivated in organizations should be in tune with local cultures (Hofstede, 1980). For example, the tendency of introducing reward systems that are results driven may be problematic to managers with an external locus of control, which Kunungo and Jaeger (1990) suggest is prevalent in developing countries.. This may influence the extent to which managers feel they can control outside events, and to achieve the results upon which they are targeted. Jackson (2004) highlights the importance of security needs for managers in organizations in Africa. A job that motivates through higher ideals may be no good if it cannot guarantee ongoing and secure employment. Also feeling part of a team appears to be important, rather than being motivated and rewarded as an individual, as is often the emphasis in Western reward systems (Jackson, 2004).

This same study (Jackson, 2004) also suggests that work centrality is generally low among managers in organizations in Africa. This may be because of the community and family emphasis in many developing countries. This may be a particularly important factor in motivating managers in NGOs, where there is a need to have a closer integration of community and NGO. Hence:

*Proposition 14.* Where management motivational systems in NGOs in developing countries are in line with local cultural expectations and values, they will be more successful in retaining managers, and building sustainable development within the organization.

### *Gaining Employee Commitment through Work Attitudes and Organizational Climate*

NGOs, even local ones operating in developing countries can have large staffs, often working within different cultural contexts (Ditcher, 1999). Staff commitment has become an issue as the sector has grown. When staff commitment is treated in the NGO literature it is often intertwined with the question of participation (i.e. high levels of participation are related to high staff morale and commitment: Cleaver, 1999, for example, touches upon this issue). Yet lack of hierarchy, structure and a perceived authority may actually militate against employee morale and commitment (see Hailey's, 2002, comments on the relationship between hierarchy and participation in South Asian NGOs).

One of the few extensive studies in South Africa, Cameroon, Nigeria and Kenya (Jackson, 2004) suggests that communalistic and humanistic attitudes are important within organizations across sectors; that employees expect both stability in their jobs, and loyalty from their employers; that work is by no means central in people's lives, yet there is still a moderately high level of loyalty shown to the organization (which may be dependent on loyalty being shown to the employee); that employees appear to be team players rather than individualists. Yet these aspects appear not to be fully realized as there seems to be a separation between home/community life and the world of work, and also a perception by employees that levels of control are too high.

The extent to which 'Western' principles of participation and individual incentives are appropriate can therefore be called in question (Hailey, 2001). Building loyalty may be more usefully seen as a longer term reciprocal process of joint loyalty-building through stability in employment, integration of community and work life in both attitudinal forms and actual reciprocal involvement of community and organization, and focusing on incentives for teams. Again, participation could more usefully be seen as including a range of stakeholders, including those within the community (Hailey, 2001, sees building relationships as more important than imposing participation). The above does not preclude more paternalistic ways of managing (Hailey, 2002; and see Aycan, in press, for a more general discussion), or more authoritarian and hierarchical

organizational structures and processes. However this, in common with the areas discussed above, is an important area for future research. Hence:

*Proposition 15.* Where staff motivational and loyalty systems in NGOs in developing countries are in line with local cultural expectations and values, they will be more successful in retaining and developing staff, and in building sustainable development within the organization.

### ***Managing Multiculturalism and Developing Managers***

Management training and development in a multicultural context appears to involve both process (how do we do it?) and content (what do we do?) (Hambrick, et al 1998). Process can further be considered in terms of individual learning and organizational learning. However, that 'learning' as a concept varies across cultures has already been noted above. For example, Sawadogo (1995) suggests that in African cultures there is an emphasis on observation and an oral tradition of knowledge transmission and memorization. Lecture methods may be more appropriate for individual learning than workshop methods for example. He goes on to say that knowledge is highly respected, highly valued and almost feared, where the learner becomes dependent on the trainer as a source of knowledge and wisdom. In this view the idea of the 'independent learner' does not appear to be appropriate.

The Anglo-Saxon concept of the 'learning organization' (from Argyris, 1992) may also be inappropriate in a developing country context. First, it relies heavily on the idea of experiential learning and learning as a process, which may be at variance to African notions for example. Secondly it relies on the perception of organizations as 'open systems' that pursue the executive goals of the organization, are instrumental, and where learning takes place to fulfil executive goals (Jackson, 2002a). This also touches on the discussion above about the narrowly defined and tactical nature of participation. For this reason, to be successful organizational learning for NGOs working in developing countries may need to be more inclusive of a wider stakeholder base (for example, Tandon, 1995).

Of increasing importance to both NGOs and donor agencies, along side capacity building, is the issue of impact assessment (Lewis, 2001) or how management outcomes are assessed in terms of their impact (Figure 1) more frequently now on reducing poverty, and this also is bound up with the way management capacity is conceived and developed within international and Southern NGOs. It is this aspect that is now examined within the literature.

### **Assessing Management Impact**

An objective of a cross-cultural approach to impact assessment would be to ensure that indigenous perspectives, expectations and objectives are given equal treatment alongside 'modern', Western or foreign perspectives (Lewis, 2001; Marsden, 1994). The power relationship has already been alluded to, with the implication that the balance of stakeholder power is maintained fairly and appropriately (reflected in approaches to 'stakeholder analysis' employed by some major international development NGOs: Gosling and Edwards, 1995; Eade and William, 1995). The main confounding element in this is the role of ideology in presenting a world view to less dominant cultural groups that is accepted at the cost of denigrating one's own culture (from Said, 1978/1995), and specifically the hegemony of Western management (including principles of evaluation of effectiveness) throughout the world (discussed in Boyacigiller and Adler, 1991, much cited article). The denigration of indigenous cultures in the post-colonial era is well discussed in the literature (Ayittey, 1991), and indigenous stakeholders may look to Western solutions in the absence of indigenous or appropriate hybrid ones

A cross-cultural model that incorporates an understanding of dominant ideologies, and that can point towards identifying and giving weight to indigenous values, beliefs and knowledge systems (Cray and Mallory, 1998; Human, 1996b) is important for understanding concepts of impact assessment in the NGOs literature. For example the 'stakeholder assessment model' of Gibb and Adhikary (2000) suggests that through developing a mutual understanding of the influences of the relative power of different stakeholders, it may be possible to develop consensus on objectives that are as far as possible in line with the interests of all stakeholders.

Differences in the perception of the operating environment and the way the NGO should relate to this should also be addressed. Again, Gibb and Adhikary (2000) suggest that there are differences between a need for order and formal structure in the tradition of Northern corporate bureaucracies and a need to deal with ambiguity and disorder in a flexible way within a developing region where NGOs may need to be quite entrepreneurial. Jackson (2004) contends that effective African managers are probably able to cope with ambiguity far better than previously suggested and this may well reflect a low uncertainty avoidance within African cultures (Blunt and Jones, 1992, for example suggested that African cultures are high in uncertainty avoidance as was noted above). This may influence the setting of strategic and operational objectives (i.e. deciding what is possible) and also the perceived relationship between objectives, actions and outcomes. For example, a preference for flexibility and the use of intuition may suggest a non-linear relationship of objectives, actions and outcomes.

Different perceptions of the relationship between cause and effect (from Rotter's 1996 concept of locus of control, and Trompenaars', 1993, cross-cultural investigations) may also influence the way these three variables are dealt with in the evaluation process. Yet this is complicated by the additional dimension of individual or collective action according to, for example, Hofstede's (1980/2003) theory. Western approaches are more likely to point towards individual accountability, whereas cultures that are less individualistic and more collectivistic may favour communal and collective action, and see this as more effective than holding individual managers to account. Again, corporate bureaucracies may favour the measurement of quantitative outcomes in a quest for order and accountability (Gibb and Adhikary, 2000) However, the extent to which this is applicable in a multi-stakeholder, multi-value and ambiguous context (such as that described in sub-Saharan Africa by Jackson, 2004) may be disputable.

Impact assessment has become an important factor in donor funding, with NGOs themselves expressing concerns that agencies are in fact driving assessment (Lewis, 2001). Yet often the appropriateness of management outcomes becomes secondary to an 'objective' consideration of effectiveness.

## **Towards a Research Agenda**

This article has developed a number of propositions derived from the existing literature around a cross-cultural framework of NGO management capacity building (Figure 1) in order to suggest future directions for research. In particular this focuses on the issues of transferability of management knowledge and capacity building and assessing the impact of management actions.

These propositions can be used in a number of ways. They first suggest a need for further empirical research through a cross-cultural, critical lens. Taking a wider view of the management and related literature than is normally found in the extant NGO literature, understanding can be gained about the way knowledge is transferred, usually from North to South, and how hybrid systems of NGO management are developed locally, through cultural crossvergence. This can then inform capacity building. If these propositions are supported through empirical testing, they have major implications for NGO capacity building, the management of development NGOs and management development in this sector (see Table 1).

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Table 1 about here

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In Figure 1, the relationship between capacity building and impact assessment is shown as a loop. Impact can be assessed through a cross-cultural lens, using the criterion of appropriateness, and being informed by the propositions summarized in Table 1. The relationship among stakeholder interests should be managed to ensure a balance of interests, and to ensure that such interests are reflected in management outcomes. Through the stakeholder base, assessment outcomes can be fed back into the capacity building project, providing further inputs into managing knowledge transfer and the hybridization of NGO management systems.

The 'Third Sector' has for too long been neglected in the management literature. Yet this sector is too important to simply ignore. Commercial, governmental and non-governmental sectors compete and cooperate within the 80 per cent of the Globe we call

‘developing’, and within a \$60 billion dollar business. For the NGO sector to substantiate its claim of comparative advantage based on local responsiveness, social focus, and cultural sensitivity to peoples’ needs (Cernea, 1988), its management should logically take a cross-cultural approach.

A cross-cultural perspective provides a critical lens, and an understanding of why approaches have failed in the past when working in an international and multicultural context. The next stage is to build on this understanding, and develop cross-cultural ways of knowing and doing.

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<b>Area</b>	<b>Issue</b>	<b>Proposition</b>	<b>Implications for Capacity Building</b>
<b>Management systems</b>	Prevalence of Post-colonial management systems	1a. NGO management in developing regions will exhibit characteristics of post-colonial management. 1b. Where this is the case there will be a lack of fit between the culture of the organization and the community that the organization serves. 1c. Staff will exhibit signs of demotivation and alienation.	If found to be prevalent, may have a negative effect on sustainable capacity building where there is a need to gain employee commitment and community stakeholder involvement
	Increasing implementation of Post-Instrumental management systems	2a. Development NGOs are increasingly adopting Western, instrumental approaches to managing. 2b. Where this is the case there will be a lack of fit between the culture of the organization and the community that the organization serves. 2c. Staff will perceive this as disconnected from their home and community lives and culture.	If there is uncritical adoption of Western methods this may create a 'contractualizing' organization culture, where staff themselves use the organization in an instrumental way. This could have a negative effect on capacity building
	Emergence of Humanistic management systems	3a. There is some movement towards a humanistic management approach within development NGOs 3b. Where this is the case, this will provide a closer fit between the culture of the organization and the community within which it works. 3c. Staff will also be more involved in the organization as they will see a connection between work and their home and community life.	If there is an emerging understanding and adoption of indigenous approaches, this may assist in sustainable capacity building through greater commitment and involvement of community and staff.
	Managing cross-cultural hybridization	4. Management approaches that seek to manage cross-cultural influence and dynamics will be more successful/effective/appropriate within their operating environment.	If NGO managers demonstrate a greater cross-cultural sensitivity, this may help in facilitating appropriate transfer of knowledge and sustainable capacity building
<b>Knowledge transfer - barriers</b>	Perception of value of people	5. Local NGO staff will see imported capacity building approaches as out of line with local cultural assumptions of the value of people	If such approaches are based on instrumental values, this may lead to alienation, and a negative effect on capacity building
	Perception of change processes	6. Imported capacity building approaches in Southern NGOs will create feelings of uncertainty among local staff.	If such approaches ignore the need for security and stability they may lead to anxiety and poor performance and loyalty
	Perception of people's adaptive capacity	7. Imported capacity building approaches in Southern NGOs will engender feeling of helplessness in the face of influencing events.	If such approaches lead to staff seeing outcomes beyond their control, this may lead to negative performance and alienation
	Perception of organizational complexity	8. Imported capacity building approaches in Southern NGOs will create conditions of confusion and a lack of understanding among local staff.	If cultural issues of organizational complexity are being ignored, the confusion created by imported approaches will have a negative effect on capacity building
	Perception of learning	9. Imported capacity building approaches in Southern NGOs will create a negative learning environment for local staff.	If such a negative learning environment is being created this will have a negative effect on capacity building

Continued...

<b>Area</b>	<b>Issue</b>	<b>Proposition</b>	<b>Implications for Capacity Building</b>
<b>Building management capacity</b>	Managing complexity and uncertainty - constraints and opportunities	10. Development NGOs will be more successful where there is a proper assessment made of constraints and opportunities within their operating environment.	If supported, management capacity should be developed to properly assess constraints and overcome these, and assess opportunities and strengthen these.
	Managing complexity and uncertainty – management of change	11. Development NGOs will be more successful within their operating environment where there is a proper assessment made of staff’s cultural propensities in handling uncertainty and change.	If supported, management capacity should be developed to successfully build change management methods in line with local conditions and culture
	Managing decision-making	12. Decision processes that involve a wider stakeholder involvement will lead to more appropriate and sustainable development for NGOs within their operating environment.	If supported, management capacity should be developed to successfully build local stakeholder forums, and balance interests of different stakeholders.
	Using appropriate leadership styles	13. Managers of NGOs will manage more effectively and appropriately where they are aware of cultural influences on their own leadership styles, and adapt them accordingly to local expectations.	If supported, leadership capacity should be developed that is congruent with local culture
	Motivating and rewarding managers	14. Where management motivational systems in Southern NGOs are in line with local cultural expectations and values, they will be more successful in retaining managers, and building sustainable development within the organization.	If supported, management capacity should be developed to design management motivation and reward systems that are in line with local culture
	Gaining employee commitment	15. Where staff motivational and loyalty systems in Southern NGOs are in line with local cultural expectations and values, they will be more successful in retaining and developing staff, and in building sustainable development within the organization.	If supported, management capacity should be developed to build appropriate organizational climate and staff motivation systems in line with local culture

Table 1. Research propositions and implications for capacity building

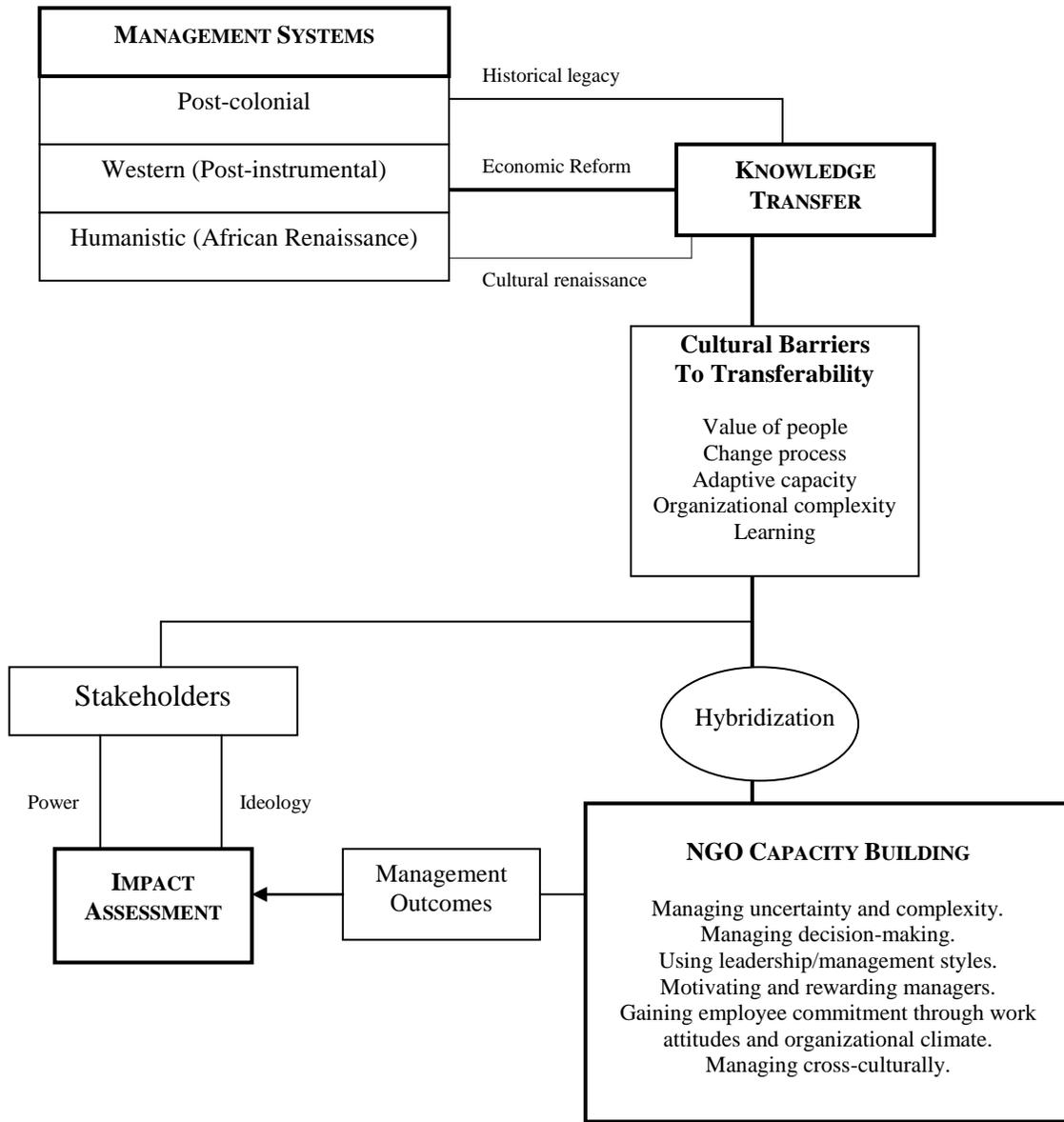


Figure 1. A Cross-cultural Framework for NGO Management Capacity Building