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ANTECEDENTS OF NON-GOVERNMENTAL ORGANIZATIONS' EFFECTIVENESS

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ABSTRACT

Non-governmental organizations have been around for more than 150 years. Over the last decade, however, their number has increased exponentially and the nature of their involvement has broadened in the Indian society in terms of their enhanced role in socio-economic development of the country. The enhanced role of non-governmental organizations in the public and private sectors has created a need to study what goes into making these organizations effective. Transformational leadership and organizational culture are crucial components for non-governmental organizations' effectiveness. The leader-member exchange and employees' commitment are also essential for effectiveness of NGOs that can further non-governmental organizations' efficiency vis-a-vis effective service delivery to the beneficiaries. Critically examining the literature, the present study explores the interplay among these constructs and sets the agenda for future research.

KEYWORDS

Commitment, culture, leader-member exchange, NGO effectiveness, transformational leadership.

INTRODUCTION

An NGO is a broad term encompassing a wide array of diverse organizations. NGOs are private and non-profit organizations that are supposed to pursue activities to relieve suffering, promote the interest of the poor, protect the environment, provide basic social services, or undertake community development (World Bank, 1989). The NGO sector, also known as the third sector has diverse entities operating under different paradigms. These organizations receive substantial funds from various funding agencies. These funds need to be deployed effectively for the effective delivery of the goods and services to the beneficiaries. This requires a leadership style that, on one hand, can help create a culture that is conducive to effective operation of the NGO, and on the other hand, can infuse enthusiasm among the NGO staff by developing better leader-member exchange that would lead to enhanced employee commitment, thereby resulting in NGO effectiveness, which in turn could lead to more favourable programme outcomes.

Under Indian context, most of the NGOs are run as one-man shows supported by a handful of professionals and even fewer staff functionaries, and mostly devoid of hierarchy. Generally, the founders of the NGOs provide the necessary vision, mission and the direction. They do not possess many physical or financial resources, hence, have nothing much to offer their staff or volunteers in exchange for the services rendered by them. Here, the role of leaders is to provide a kind of exemplary, selfless and charismatic leadership, all bundled into a typology of leadership, termed as transformational leadership (TL), a concept put forth by Burns (1978) and further developed by Bass (1990). TL exists when the employees are motivated to work for transcendental goals and higher-level self-actualizing needs, rather than external pay-offs (Bass & Avolio, 1990b). On the contrary, Transactional leadership involves an exchange between leaders and followers (Bass and Avolio, 1990b). These leaders 'give followers something they want in exchange for something the leaders want' (Kuhnert and Lewis, 1987, p. 649). Compared to results of transactional leaders, transformational leaders achieve greater improvements and are considered to be "of a higher order with respect to effort, development and performance" (Bass and Avolio, 1990b, p.241). Further, Bass (1997) has stated that the prototype of leadership is that of a transformational leader.

Leader-member exchange involves the interpersonal relationships between leaders and followers. They are dyadic in nature and may bear a relationship with the various dimensions of organizational commitment, which is, in general, defined as 'a psychological state that binds the individuals to the organization (Allen and Meyer, 1990, p14). Managing organizational commitment of employees furthers organizational effectiveness (Meyer and Herscovitch, 2001), which could possibly affect the outcomes of the programmes undertaken by NGOs (Sowa et al., 2001). With this conceptual backdrop, this study critically examines (a) NGOs and their activities (b) NGO effectiveness and programme outcomes, (c) the factors of TL, organizational culture, as well as organizational commitment, and leader-member exchange contributing to organizational effectiveness vis-à-vis programme outcomes in the context of NGOs in India.

REVIEW OF LITERATURE**NGO: CATEGORIZATION AND ACTIVITIES**

Sen (1987) has viewed NGOs forming a sector of society that has diverse entities operating under different paradigms. According to him, NGOs represent the nucleus of experimentation in grassroots development. NGOs can be private agencies that support international development, or indigenous or religious groups organized nationally or regionally (Nalinikumari and Maclean, 2005). They can be a group of citizens that raise awareness among the public and influence government policies. Various charitable and religious associations and groups that mobilize private funds and use them for development of society also are considered NGOs. The diversity of NGO defies any simple definition, according to the World Bank (1990). Such organizations are, at times, referred to as not-for-profit organizations (NPOs). However, the terms NGO and NPO have been used interchangeably in the NGO literature and as such no clear cut distinction has been made (Vakil, 1997; NGO Workshop, 1988) and we would use the term NGO to mean all such organizations.

NGOs have been around for more than 150 years. Over the last decade, however, there has been a subtle but steady shift in the nature of their influence over business (Nalinakumar and Maclean, 2005). There has been tremendous growth in the number of NGOs participating in international negotiations (Gulbrandsen and Andersen, 2004) in the last two decades. The report of the 'Thirtieth United Nations Issues' conference (1999) has clearly stated that NGOs are more involved than ever before in global policymaking. This report has also predicted that the numbers of NGOs, and nature of their involvement, would broaden and would be evolved in terms of substance. Nalinakumar and Maclean (2005) have observed the exponential growth in the numbers of NGOs. They have reported that from around 12,500 during the year 1980, the number of international NGOs that is working in different parts of the world has increased to 45,000 in the year 2000. The NGO sector in the United States of America today accounts for a significant portion of overall economy (www.independentSector.org). As per the study made by Mandato (2003), 70% American households contribute more than U.S. \$700 billion each year to NGO sector.

Poverty is one of the major problems in all the developing countries and the government sector in such countries lack personnel to address the basic human needs. NGOs play a crucial role by supplementing governments' efforts and by acting as a channel between government and the people. Of the various factors, the timely availability of credit to the rural masses and to the primary sector is crucial for economic development of these countries. There remains a challenging task for most governments to meet the credit needs of this hinterland. Bangladesh has shown the way to the rest of the world the power of the NGO sector in alleviating the poverty that is prevalent among the rural masses. The emergence of the micro-finance industry in Bangladesh has presented a tremendous opportunity to extend financial services to the vast majority of the poor people. The micro-finance industry in Bangladesh consists of (a) NGOs, (b) cooperative public sector programmes, and (c) Gramin Banks. In this winning trio, the Gramin Bank and the NGOs have played the major role in alleviation of poverty that is so prevalent in the hitherto neglected hinterland of Bangladesh. The country is now teeming with more than 1,000 micro-finance NGOs (<http://www.gdrc.org/icm/country/bangla-001.html>, dated 11/11/2004).

IMPORTANCE OF NGOS IN THE INDIAN CONTEXT

In the developing world, irrespective of the form of governance prevailing in a country, NGOs have been increasingly being recognized as a conduit for financial aid and assistance. In a democratic pattern of governance, one of the ways in which the collective aspirations of the common people find expression is in the form of NGOs. This is well supported by research. Handy and associates (2005) have observed that in the last few decades, there has been a proliferation of NGOs in India. The John Hopkins Comparative Study of the Third Sector found more than one million NGOs in India representing various sectors, ranging from the environmental to social sector development (Salmon and Anheier, 1997). The non-profit sector in India employs about 20 million people and attracts to the tune of INR 18,000 crores of funding annually (<http://timesfoundation.indiatimes.com>, dated 5th May 2006).

The growth of the NGOs has been further supported by the government policies as expressed by India's five year plans. The 1985-90 five year plan of the Indian government included NGOs explicitly in its plan for the first time and has integrated them in the development process. Then in the subsequent five-year plans, the role of NGOs as a partner in the development process has been duly articulated in the policy documents. In the ninth and the tenth five-year plan, an enhanced role of the sectoral trio of public-private-community has been visualized as the synergistic combination that would act as the prime mover for overall development of India. NGOs like 'CARE' that functions in the area of childcare and 'PRADAN', which works for sustainable rural development, are operational NGOs because they are addressing the various developmental issues. NGOs like 'PETA', 'CRY' and similar others can be termed as advocacy NGOs as they advocate for various causes, like PETA for ethical treatment of animals; and CRY for child rights (<http://www.cry.org>). An International NGO 'GREENPEACE' advocates for initiating environmental protection measures. At times, besides being developmental in nature, some NGOs may also act as an advocacy NGO under certain circumstances. For instance, in the vicinity of the proposed steel plants sites in the East Singhbhum and Seraikella-Kharsawan districts of the Jharkhand state in India, some NGOs which were previously working either independently or as a support NGOs, have changed their focus and have taken a stance to defend the interests of the people who would be displaced by the proposed steel plants.

All organizations thrive to fulfill some purpose of society. Irrespective of the type of organization, the pertinent concern is their effectiveness. That leads us to a brief exploration of the concept of organizational effectiveness and the NGO effectiveness.

ORGANIZATIONAL EFFECTIVENESS

Organizational effectiveness (OE) has been one of the most extensively researched issues since the early development of organizational theory (Rojas, 2000). Despite some consensus, there is still significant lack of agreement on the definition and operationalization of this concept (Cameron, 1986; Cameron and Whetten, 1983). This is perhaps due to the fact that the concept of effectiveness is linked to the concept of the organization. The conceptualization of effectiveness changes with the different types/categories of organizations. The obvious approach to both defining and evaluating OE is to ask, to what extent does an organization reach its goal (Herman and Renz, 1997)? The underlying assumption being that all organizations have measurable goals, which may not always be true (Pfeffer, 1982; Elmore, 1978; Mohr, 1982). Mahoney (1967) has described OE from the standpoint of managers. More recently, Walton and Dawson (2001) have described OE using a manager's perspective. Their results suggest that similar values help describe the effectiveness criteria in a cohesion-based solution for managers and academics. Kimberly and Rottman (1984) have used the biographical approach to investigate the concept of OE. Shetty (1978) has used managerial power as the basis to study OE. He has explained the concept in terms of five sources of managerial power, namely, legitimate power, reward power, coercive power, expert power, and referent power. Blankhorn and Gaber (1995) have used 'warm fuzzies' to assess OE. Warm implies there are corporate ideals that few managers could take exception to, but fuzzy implies that measurement issues make most managers uncomfortable with having their personal performance evaluated on these dimensions. OE is popularly assessed in terms of productivity (output/input). This is mostly applicable to manufacturing organizations but cannot be applied to NGOs.

Some of the researchers believe that all the organizations are same, so a common set of variables can explain all the OE. However, studies have shown that this is not always true and that there are specific variables that determine the effectiveness of different kinds of organizations (Campbell, 1977; Cameron, 1986; Chelladurai and Haggerty, 1991; Herman and Renz, 1997). A study carried out by Jobson and Schneck (1982), designed to assess the OE of a police organization has rejected using universal indicators of effectiveness (for instance, adaptivity, flexibility, participants satisfaction and turnover) and instead has chosen criteria related specifically to a police organization. Cameron (1978) and others too have observed that each type of organization, because of its different goals, attributes, environment, constituents, and histories, requires a unique set of effectiveness criteria. The contextual criteria are important in defining OE. This leads us to the fundamental questions of what is NGO effectiveness and how can it be assessed.

NGO EFFECTIVENESS

The complexity in defining OE arises primarily due to two underlying factors: (a) different types of organizations, and (b) differing perspectives of viewing OE in these organizations. The effectiveness of NGOs too, continues to remain an elusive concept (Herman and Renz, 2004). First, making generalizations about management in the NGO sector is difficult, because the sector contains an overwhelming varieties of NGOs make the problem of assessing the effectiveness even more problematic and challenging (Herman and Renz, 1997) to practitioners and researchers. Second, there are so many perspectives that it is sometimes suggested that NGO effectiveness may be described by the parable of the blind men and the elephant (Herman and Renz, 1997). In spite of these, very little attention has been given to the development and testing of models that explain variation in performance of NGOs (Glisson and Martin, 1980). This has given rise to the multiplicity of the approaches to express the concept with the help of models.

Herman and Renz (1997) have found the contemporary perspective on OE to be especially relevant to research on NGOs, namely, the multiple constituency model (which is a modification of the goal approach) and the social constructionist, which is a more general or ontological perspective. The multiple constituency model recognizes that there are multiple stakeholders or constituents who are likely to use different criteria to evaluate OE (Kanter and Brinkoff, 1981; Zammuto, 1984, Tsui 1990). D'Anno (1992) has discussed multiple constituency models in relation to human service organizations.

Rojas (2000) has examined four OE models to determine which is more reliable for comparing the for-profit and non-profit organization effectiveness. According to him, the competing value framework model developed by Quinn and Rohrbaugh (1981) is the most dependable one. Recently, Brainard and Siplon (2004) have identified two models that describe the roles of NGO: (a) the economic model that emphasizes business-like methods, and (b) the voluntary spirit model that emphasizes participation and membership. According to them, highly visible and professional NGOs must constantly struggle with the extent to which they are to emphasize their role as efficient and competitive economic actors or their role as institutions important to their democracy.

Bradshaw's (1998) has felt a need to develop a model for NGOs that addresses the governance aspects. But it has been found by many researchers that NGOs ultimately measure their success by the impact they have on their beneficiaries, their families, and the communities in which they serve (Woller and Parsons, 2002). Sowa et al. (2001) have proposed a measure of OE on four dimensions that measure the internal functioning of the organization and its outcomes. These dimensions are *programme capacity*, *management capacity*, *management outcome* and *programme outcome*. Programme capacity is simply a measurement of how effective the programme is (<http://www.allwildup.com/Effectiveness.html>, dated 11-10-2006). An assessment of how closely the NGO's mission is aligned with community needs and how well its programmes advance its mission and achieve desired outcomes are the matter of importance to the funding sources, donors, clients and other partners. The assessment of programme capacity also helps in identification of the needed improvements. *Management capacity* is composed of the following management practices and systems: a formal mission statement, a strategic plan, the human resource systems, an independent financial audit, and an information technology system(s) (Sowa et al., 2004). *Management outcomes* captures how well the management capacity, the structures and processes, work in terms of the degree to which the employee of the organization are successfully managed and the degree to which the management structures and processes generate sufficient resources to maintain the operations of the organization (Hall, 1999; Rainey, 1997; Scott, 1998). Programme outcomes measure the effect of outcomes on the consumers of those programmes. It has objective measures which measures the extent of the goal achieved against a set benchmark or target. It has a perceptive measure which measures the client satisfaction (Sowa et al., 2004). In addition, it is proposed to capture the beneficiaries' perceptions of the effectiveness of a particular NGO in terms of their feedback regarding change in their income level, education level, health indicators, and happiness index. Whatever the NGOs do, these are reflected in improvements in income, education, health, and happiness of the target population.

Now, no NGO can effectively meet the aspirations of the beneficiaries without a person who can provide the leadership to the NGO. This brings us to the topic of leadership.

LEADERSHIP

Every successful organization requires effective leadership to fully utilize the skills, knowledge and attitude of its employees. This is not just a matter for large organizations alone; the point is valid even for small NGOs. Leadership is the catalyst that enables one organization to differentiate itself from another and not only endure, but thrive. One of the most crucial tasks of the leadership is to provide motivation to its followers to attain the organizational goals. External payoffs, to an extent, could serve as motivators to the staff and followers. But, there exists a kind of leadership where the leaders do not resort to such payoffs, yet get their followers to do more than required towards attaining the organizational goals (Burns, 1978). This kind of leadership has a mixture of charisma, the ability to pay individual attention and to provide intellectual stimulation to their followers and thus to motivate them to indulge in extra-role behaviour (Ardichvili and Gasparishvili, 2001; Bass, 1998). This is especially so in the case of NGOs that are founded and run mostly as a one-man show. At the best, the leader may have meagre resources at his/her command. Such a leader may attract followers, by his/her charisma, his/her individual attention to each follower, or may also serve as a role model by selfless service. This discussion leads us to the two types of leadership namely *transactional* and *transformational*.

TRANSACTIONAL AND TRANSFORMATIONAL LEADERSHIP

Transactional leadership involves an exchange between leaders and followers (Bass and Avolio, 1990b). In the Indian NGO sector where most NGOs face resource crunch (Handy et al, 2005), the transactional leadership is not likely to keep their personnel motivated based on external pay offs. TL, on the other hand, adopts a different approach. The distinguishing feature of transformational leaders is that they are held in high regard and respect by their followers. According to Bass (1985), transformational leaders motivate their followers by inspiring them, offering challenges, and encouraging individual development. Superior performance and performance beyond expectation is possible only by transforming followers' values, attitudes, and motives from a lower to a higher plane of arousal and maturity. Such type of leaders is found to be effective irrespective of the nature of organizations.

Bass (1985), and later Bass and Avolio (1990a) have identified four dimensions of TL. First, *Individualized consideration* involves a leader paying special attention to the needs for achievement and growth of each individual by acting as a mentor. By using this characteristic, leaders develop each employee to successively higher levels of potential within the organization. Second, *Idealized influence (behaviour)* involves leaders acting as role models for subordinates. The leader models behaviours that indicate high standards of moral and ethical conduct. The leader has a vision and a strong sense of mission that s/he shares with subordinates. S/he makes sure to share risks with employees. Those cause the subordinates to identify with the leader and try to emulate him/her (Bass and Avolio, 1990a, 1994, 1995). Another component, *Idealized influence (charisma-attributed)* refers to the situation where the leader uses behaviours such as considering the needs of others over his/her own, in order to inspire trust, respect, and admiration of followers (Bass & Avolio, 1995). Third, *Inspirational motivation* involves behaving in a way that provides meaning and challenge to subordinates' work. This helps to motivate and inspire those around the leaders. The leader makes sure that s/he communicates clearly stated expectations and motivates employees to strive to meet these goals. This can include the use of symbols and metaphors to increase understanding (Bass and Avolio, 1994; Ohman, 2000). Further, *Intellectual stimulation* encourages creativity among employees. Employees are facilitated to become more effective and creative problem solvers and are challenged to meet their full potentials (Bass and Avolio, 1995, Ohman, 2000).

Culture prevailing in an NGO is the central theme that makes the NGO strong or weak, productive or unproductive, efficient or inefficient. It is the central epitome that mediates the relationship between TL and OE (Chen, 2004).

ORGANIZATIONAL CULTURE

The concept of organizational culture was introduced by Andrew Pettigrew in 1979. Since then organizational culture has attracted so much interest that it is even anticipated to become a theme as central as leadership in management research. Schein (1988) has defined organizational culture as a cognitive framework consisting of attitudes, values, behavioural norms, and expectations shared by organization members. At the root of any organization's culture is a set of core characteristics that are valued collectively by the members of an organization. Kanungo and Jaeger (1990) too agree that the term culture means a system of shared meaning where members of the same culture have a common way of viewing events and objects, and, therefore, are likely to interpret and evaluate situations and management practices in a consistent fashion.

DIMENSIONS OF ORGANIZATIONAL CULTURE

Sashkin (1990) has analyzed the concept of organizational culture in terms of five dimensions. The first one called *managing change* refers to how effective employee feel the organization is in adapting to the managing change. Crises provide an excellent opportunity for leaders to effect change within the organization. The second dimension is *achieving goals*, which involves how effective employees perceive the organization to be in attaining goals. Kent (1995) has described it as the extent to which organizational members are aligned with one another and with the overall goals of the organization. *Coordinated teamwork* is the third dimension. It refers to how effective employees feel the organization is in terms of coordinating work between individuals and groups. It also involves the extent to which the efforts of individuals and groups are linked together so that each person functions effectively within the organization (Kent, 1995; Sashkin, 1990). The fourth dimension is *customer orientation*, which involves how effective employees feel the organization is at meeting the needs of clients and customer. Employees watch to see how well activities are directed towards identifying and meeting the needs, desires, goals, and values of

customers (Shaskin, 1990). The fifth construct is *cultural strength*. This involves how much employees feel the values and goals are agreed upon by members. Wallace (1993) defined it as the extent to which the prevailing culture guides the behaviour and the intensity of that behaviour of organizational members. After reviewing the dimensions of culture let us explore the relationship among the organizational culture, leadership and OE.

RELATIONSHIP AMONG ORGANIZATIONAL CULTURE, LEADERSHIP AND OE

There is no dearth of literature on leadership, organizational culture, and OE separately. But there is a paucity of literature exploring the relationship among these variables. Organizational culture exerts influences on individuals, organizational processes, and organizational performance and effectiveness (Greenberg and Baron, 2003). When the culture is strong, indicating wide acceptance of its basic elements, it results in enhanced organizational performance (Weiner, 1988). Comparative studies on the culture-performance link have showed that certain cultural orientations are conducive to better performance and effectiveness (Calori and Sarnin, 1991; Denison, 1990; Denison, 2004; Xenikou and Simosi, 2006). Chen (2004) has done a similar study for small and medium enterprises of Taiwan in which he has studied the effect of organizational culture and leadership behaviour on the organizational commitment, job satisfaction, and organizational performance. Reports suggest that leaders affect their subordinates both directly through their interactions and also through the organization's culture. Schein (1988), has developed the thesis that it is a prime task of the leader of an organization to manage the organizational culture. Chidambaram and Krishnakumar (2005) have reported how a leadership intervention has enabled a culture change in a Bangalore based software firm in India. Based on this discussion, we propose that transformational leadership will positively influence organizational culture.

The effects of leadership and organizational culture on the effectiveness have been studied by a few researchers. Ogbonna and Harris (2000) have found that leadership style and performance is mediated by the form of organizational culture. Moreover, it has been proposed that culture might be the filter through which other important variables, such as leadership, influence organizational performance (Lim, 1995; Xenikou and Samosi 2006). A cultural change for betterment is very likely to lead to the overall OE. On the other hand, leadership may also directly influence the effectiveness of an organization. This could be especially so in case of NGOs where the founders and the leaders exercise great influence on the overall functioning and effectiveness of the organization. Being the whole and sole of the NGO, such a leader can help create a culture that lead to effective programme outcomes to the beneficiaries in terms of better service delivery. It is clear that the effectiveness of an organization such as an NGO is influenced by both, the culture of the organization and the quality of its leadership. Based on the discussion, we propose that organizational culture will have a positive influence on the NGO effectiveness, and TL will have a positive influence on NGO effectiveness.

TL can affect the exchange relationship that exists between leader and the other members of the NGO, the commitment of the members, and the resultant NGO effectiveness that finally gets translated into outcomes to the beneficiaries.

LEADER-MEMBER EXCHANGE

Leader-member exchange (LMX) involves the inter-personal relationships between leaders and followers. The exchange relationship would, to a great extent depend on the leadership style. The relationship between leadership and leader-member relations has been extensively studied (Basu and Green, 1997; Deluga, 1992; Dienesch and Liden, 1986; Howell and Merenda, 1999; Lee, 2005). Leader-member theory suggests that leaders do not use the same style in dealing with all subordinates. They use different types of relationships or exchange with each subordinate (Liden and Maslyn, 1998). The theoretical foundation of LMX has been built using role theory (Graen, 1976). According to this theory, leaders test their subordinates or followers with 'various work assignments in a series of role making episodes' (Liden and Maslyn, p.44). In an NGO, the subordinates may display their degree of worthiness by the extent of their compliance of the task demands. The degree of their compliance of these task demands determines the extent of the LMX, or the quality of relationship between them and their leader. The leader, in turn may reciprocate with allocating work related resources such as, furnishing important information, assigning more challenging task(s), giving more autonomy, better appraisals, etc to her/his subordinates as per the quality of relationship with each subordinate. On the other hand, a transformational leader, under an NGO set-up would make the exchange less dependent on such external pay-offs. Such a leader may utilize his transformational qualities; such as his/her charisma, putting others' interest before his/her own, infusing inspirational motivation to enhance the quality of exchange with the followers. This leads one to explore the various dimensions of LMX.

DIMENSIONS OF LMX

LMX has been treated by some researchers as unidimensional (e.g. Graen and Scandura, 1987), as they contend that the exchanges between leader and member are only work related. However, role theory, which provides the foundation of the LMX research stresses that roles are multidimensional (Sparrowe and Liden, 1997). Further, Dienesch and Liden (1986), have suggested that LMX may be based on three dimensions of exchange, which may be task related behaviour (contribution), loyalty to each other (loyalty), and liking for each other (affect). They have contended that an exchange may have one, two or all of these three dimensions. Based on the domination of any one of the above dimensions of the LMX, the nature and quality of the relationship between leader and member could be predicted. A contribution based exchange would mean exchanges that are predominantly based on the work-related issues. An affect based exchange would mean the exchange between the leader and member would more likely be based on liking for each other, and such an exchange would mostly be over non-work related issues.

Dienesch and Liden (1986, pp.624-626) has defined the affect dimension of LMX as "the mutual affection members of the dyad have for each other based primarily on interpersonal attraction rather than work or professional values". *Loyalty* is the extent to which the leader and member are loyal to one another. It is based on the leader and members' support of each other's actions and character. *Contribution* is perception of the amount, direction, and quality of work-oriented activity each member puts forth toward the mutual goals.

Many researchers have studied the relationship between LMX and organizational commitment (Lee, 2005; Tansky and Cohen, 2001; Rowden, 2000). Organizational commitment is an important work behaviour that has potential to influence the OE and employee well-being (Meyer and Herscovitch, 2001). One of the side bets for employee for staying in an organization is the financial benefits that they draw from the organization. It is a widely known fact that not all NGOs are good pay masters, especially those that are small and are working at the grassroots have shoestring budgets. In such a situation, commitment that develops on account of the financial benefits offered by the NGO (i.e. the continuance commitment) may not be a reason strong enough to keep an employee. Also, there is a wide scope to study the dimensions of commitment that are relatively more important for employee retention in NGOs. How organizational commitment is affected by the exchange relation that takes place between the leader and the member of the organization forms an important consideration.

COMMITMENT AND ORGANIZATIONAL COMMITMENT

Commitment has been conceptualized and defined as unidimensional (Brown, 1996; Mowday, Porter, and Steers, 1982; Weiner, 1982) or multidimensional (Allen and Meyer, 1990; Gordon et al. 1980; O'Reilly and Chatman, 1986) construct.

Now, there are two perspectives or approaches to view at commitment: the attitudinal and the behavioural perspectives. Mowday et al. (1982, p.26) offer the following description of the two perspectives. 'Attitudinal commitment focuses on the process by which people come to think about their relationship with the organization.' Behavioural commitment, on the other hand, relates to the process by which individuals become locked into a certain organization and how they deal with their problems. The focus of the commitment research greatly varies in accordance with the approach a researcher follows (Meyer and Allen, 1990).

One more problem that goes with this construct is the target of the commitment, that needs clarification; for example the commitment could be towards one's profession (professional/career commitment), towards one's job (job commitment), one's union (Union commitment), or towards one's organization (organizational commitment). According to Meyer and Herscovitch (2001), all such commitment, in general, makes reference to the fact that commitment is a stabilizing or obliging force, that gives direction to behaviour (e.g., restricts freedom, binds the person to a course of action).

It is important to note that commitment is not the same as *motivation*, and *general attitude* (Brown, 1996; Scholl, 1981). That is, commitment is anything more than a motive to engage in a particular course of action or a positive attitude toward a particular entity that makes a person behave in a manner that benefits that entity.

DIMENSIONS OF ORGANIZATIONAL COMMITMENT

There is some disagreement with regard to the dimensionality of organizational commitment. According to Meyer and Herscovitch (2001) the number of dimensions that researchers have described varies from one to three. Angle and Perry (1981) have described commitment in two dimensions, namely, *value commitment*, and *commitment to stay*. O' Reilly and Chatman (1986) have viewed commitment in terms of the *compliance*, *identification*, and *internalization*. Mayer and Schoorman (1992) have proposed commitment to be consisting of two dimensions, namely, *value* and *continuance*. Meyer and Allen (1984) have initially proposed two dimensions of commitment: *affective* and *continuance*. Later, Allen and Meyer (1990) suggested a third distinguishable component that they called *normative commitment*. This trio covers all the discussed dimensions. For example, commitment to stay and continuance equates with continuance, value commitment and value equate with normative commitment, whereas, internalization equates with affective commitment.

(a) *Affective commitment* refers to the employee's emotional attachment to, identification with, and involvement in the organization. Employees with strong affective commitment continue employment with the organization because they want to do so (Meyer and Allen, 1991). (b) *Continuance commitment* refers to an awareness of the costs associated with leaving the organization. Employee whose primary link to the organization is based on continuance commitment remain because they need to do so (Meyer and Allen, 1991). It is an awareness of the costs associated with leaving the organization. (c) *Normative commitment* reflects a feeling of obligation to continue employment. Employees with a high level of normative commitment feel they ought to remain with the organization (Meyer and Allen, 1991). It is a feeling of obligation to continue employment.

TL AND LMX

Transformational leaders develop relationships with their followers/team-members that go beyond pure economic and social exchange (Bass, 1985). Studies have linked TL to high levels of efforts that the members put (Seltzer and Bass, 1990), trust in the leader (Bass, 1990), and the followers' reverence for the leadership (Cogner, et al., 2000). Deluga (1992) has demonstrated that TL is significantly related to high quality LMX. A transformational leader may act as a mentor and help develop the potentialities of his followers, thus creating a meaningful exchange between them. Such a leader may evoke favourable responses from his followers by paying individual attention to the careers of his followers. S/he may use such discretionary powers as, assigning meaningful and challenging jobs to his/her followers, allowing greater autonomy, more flexibility, etc., which in turn likely to give rise to better, and more meaningful exchanges between him/her and his/her followers. Hence, TL will positively influence LMX.

LMX AND ORGANIZATIONAL COMMITMENT

TL has been found to be positively associated with organizational commitment (Rowden, 2000). As a transformational leader puts his/her followers' interests before his/her own, pays attention to each individual's development needs, provides inspirational motivation, he is likely to develop followers who are either emotionally attached to him, exhibiting affective commitment (Bycio et al.1995), and /or develop a sense of loyalty towards the organization on account of such a leadership. Hence, LMX will positively impact organizational commitment.

COMMITMENT AND OE

A committed employee is likely to contribute better than a non-committed employee. Commitments in the workplace can take various forms, and could have the potential to influence OE (Meyer and Herscovitch, 2001). In case of NGOs, employee commitment is a crucial factor that decides its effectiveness. Therefore, organizational commitment will positively affect the NGO effectiveness.

The OE for an NGO could be measured on various dimensions but the specific outcomes of the various programmes undertaken by the NGO are of great importance, not only to the funding agencies but also to the beneficiaries of programmes. These specific outcomes, resulting on account of the NGOs, can be assessed from gauging their perceptions on changes in income level, health status and educational level. Hence, NGO effectiveness will positively impact specific programme outcomes.

The external factors have not been explicitly discussed. But, NGOs are subjected to a range of external factors, such as political change; pressure to demonstrate performance, change in donor profile and that of the donor agencies, and so on. Some authors have focused on external factors in developing criteria of performance or effectiveness emphasizing the relationship of an organization to its environment (Seashore and Yuchtman, 1967). Snively and Tracy (2002) have found that a number of environmental factors such as location of the NGOs, race relations, government policies and mandates, leadership, and organization financial and political resources have powerful effects on the NGOs and on creation and collaboration of trust. But the external factors are too many and not all of them are determinable. So they can, at the best, be assumed to just exist. It is difficult to assess because NGOs operate in a dynamic environment where external factors change fast and continuously.

PEOPOSED MODEL

In line with the above discussions, the present study develops a conceptual model that links NGO effectiveness with TL, organizational culture, organizational commitment, LMX, and specific programme outcomes in terms of different dimensions of these theoretical constructs. The model is divided into two sub-model, the first links OE, organizational culture and TL, and the second sub-model focuses on the possible link among TL, LMX, organizational commitment and how they act as antecedents of the NGO effectiveness and finally influence the specific programme outcomes. (See figure 1).

Insert Figure 1 about here

MANAGERIAL IMPLICATIONS

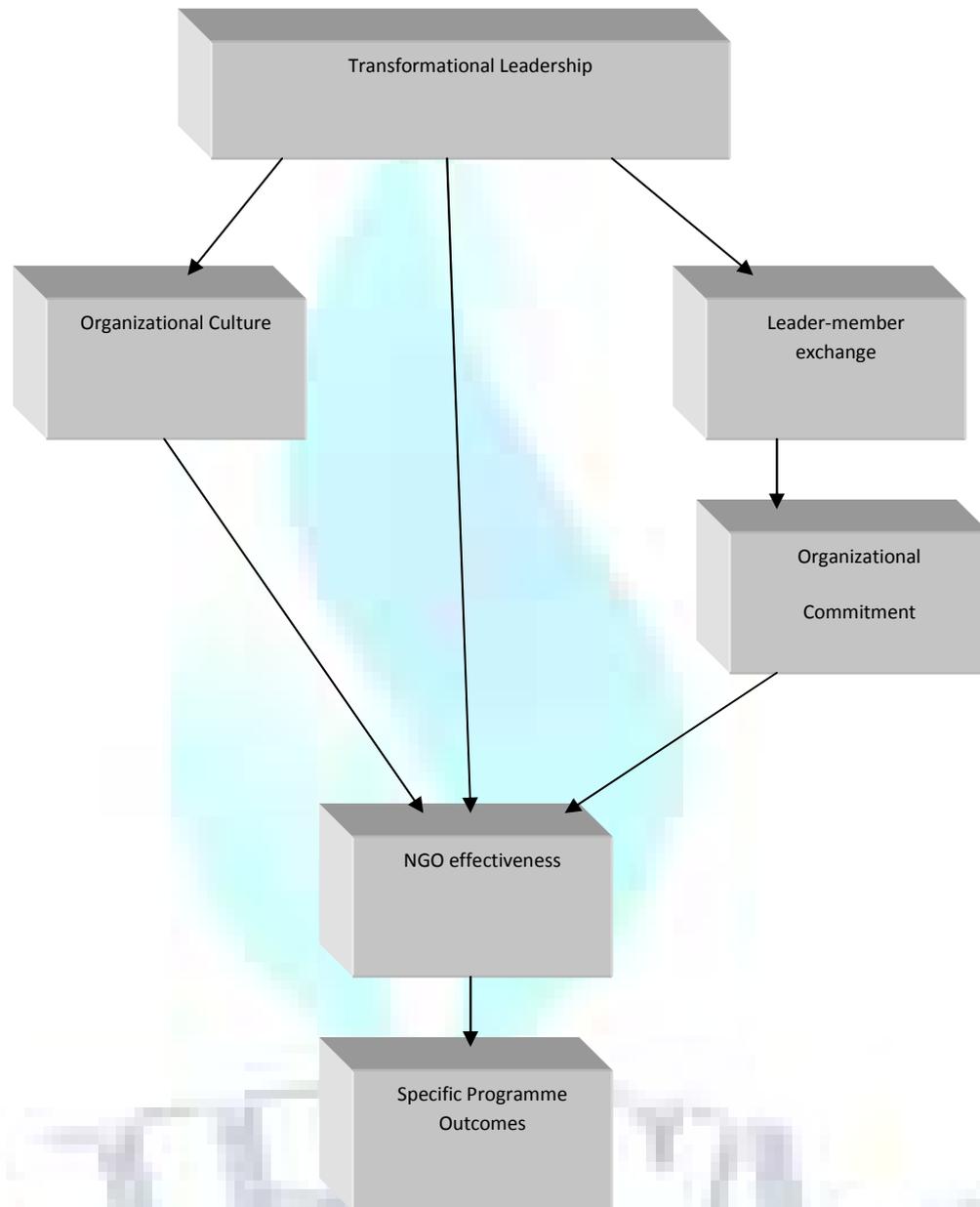
The significance of the model proposed in this study is apparent in both its contributions to the literature as well as to the understanding and management of organizations in general. The model reflects critical implications for management regarding the use of TL style to achieve OE directly and also through the intermediary of organizational culture. In order to motivate employees to do more than what is implied in the employment contract and focus on the employees' higher order needs, the NGO leaders can adopt TL behaviour. This leadership style could be helpful in project based organization as well, where the project managers are the line managers, but, do not have much control over the members of the project team. They may not be in a position to grant external pay-offs like reward, or mete out punishment, but they could use the components of the TL to attain the project goals, as well as to reduce the attrition rate by increasing employer satisfaction, satisfaction with the supervision, and the overall employee performance. Similarly, in the NGO sector, where job-hopping by the skilled manpower and poaching by the competitor is rampant, the managers may have to adopt TL behaviour to inculcate organizational commitment in the workforce to check the employee turnover. In case of NGOs, that in most cases have scarcer resource availability, attracting and retaining committed staff and volunteers is a perpetual challenge. The leaders may have to take recourse in TL style, in order to keep the staff motivated and the keep the NGO effective in terms of beneficiary satisfaction.

Further, the model creates an opportunity to collect data to actually measure the constructs of TL, organizational culture, and OE, and document the best practices in the NGO sector that can help in benchmarking these organizations across the sector. This, in turn, provides basis to compare organizations in terms of these benchmarks. Finally, our model also proposes that under a given set of external factors, NGO effectiveness could result in better programme outcomes. The management may be working efficiently, the programmes may also be very ambitious, but they may not get translated into the outcomes that would be real

benefit to the target audience. If the management of the NGOs functions to effectively deliver the goods to the target population, their effectiveness would be reflected in specific programmes outcomes.

Further research could be conducted in various aspects, some of which are (a) exploring whether a difference in culture leads to a difference in leadership style and in turn, resulting in a difference in NGO effectiveness as reflected in the specific programme outcomes (b) taking culture as an independent variable and studying its effect on the leadership behaviours (c). Testing the proposed model for NGOs based in different geographical locations, and across varying local cultures would help establish the external validity and replicability of the model.

FIGURE 1: THE PROPOSED MODEL FOR INVESTIGATION



Source: Shiva, Suar, and Roy 2008 (unpublished paper)

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