CAPABILITY INDEX OF NON-GOVERNMENTAL ORGANIZATIONS IN THE SMALL SCALE SHEA INDUSTRY IN THE NORTHERN REGION OF GHANA

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Abstract
There is proliferation of NGOs especially in the Northern Region of Ghana now regarded as the NGO capital of Ghana. This study therefore assessed the capabilities of NGOs operating in the Shea industry in the Northern Region of Ghana with respect to their internal management structures. The study is significant for community development as it highlights the importance of NGOs with required capabilities to reduce poverty among small scale Shea butter processors. The population of this study consists of all 30 NGOs registered with Shea Network Ghana and the census method was adopted because of the number. Questionnaire as the main instrument of the study was face and content validated by experts in community development and reliability tests were conducted using the Cronbach alpha formula. The study used mainly descriptive statistics such as the mean, range, and mode for data analysis. The study found the NGOs in the Shea industry in the Northern Region to have above average capability in terms of their human, physical, and financial resources. The study recommends inter alia that NGOs continue to recruit highly qualified personnel and maintain adequate quantity and quality physical resources to enable them contribute meaningfully to poverty reduction and community development in their areas of operations.

Key Words: Capability; Ghana; Non-Governmental Organizations; Shea Industry; Small Scale

INTRODUCTION

Non-Governmental Organizations (NGOs) are indispensable partners to governments in terms of their contributions to poverty reduction and economic development in Ghana. By their operations, they appear to have capacity to reach people at the grass roots than even government machineries at local levels. They are also involved in a wide range of pro poor programmes and projects in the area of agricultural production, land rehabilitation, provision of agricultural inputs and marketing of farm produce among others (Gedzi, Peprah & Cofie, 2018). There is proliferation of NGOs especially in the Northern Region now regarded as the NGO capital of Ghana providing a wide range of support services to the Shea industry to improve the efficiency and productivity of women Shea butter processors (Mohan, 2012). The

support services include group formation, training, input and equipment supply, and facilitating access to markets among others. For these NGOs to make meaningful contributions and help reduce poverty of actors in the Shea industry, they must also have the capability to effect the changes in terms of their internal management structure including human, physical, and financial resources (Alimin, Raduan, Jegak & Haslinda, 2012).

A number of studies have been conducted to understand management in the world of business and government agencies (Wiklund & Shepherd, 2003; Waiganjo, 2012; Seth & Villar, 2017). However, arguments have been made to explain or justify seeming lack of interest in NGO management (Lewis, 2001). For example, many NGOs are primarily concerned about taking actions to solve problems in emergency situations or address developmental challenges and are reluctant to devote significant amount of time to organization structure and management. For NGOs to survive and contribute meaningfully to development of their beneficiaries, they must have the competences and resources required. Resource-Based view builds a comprehensive theory of how various resources affect organizational performance. Research asserts that firms have a combination of accumulated tangible and intangible resource stocks that are owned or controlled by the firm such as technological assets, capabilities, human, financial, physical and knowledge –based resources (Wiklund & Shepherd, 2003). Firms that possess valuable and rare resources would attain a competitive advantage and enjoy improved performance in the short term (Newbert, 2007). In general, resources are assets that an organization might draw on to help it achieve its goals (Bryson, Fran & Colin, 2007). It includes all physical assets, capabilities, organizational processes, firm attributes, information, knowledge et cetera controlled by a firm or organization that enable it to conceive of and implement strategies that improve efficiency and effectiveness (Ainuddin, Beamish, Hulland & Rouse, 2007).

The human resource of an organization consists of the people who work there and on whom the success of the business depends. Bontis, Keow and Richardson (2000) defined human resource (capital) as the human factor in the organization; the combined intelligence, skills and expertise that give the organization its distinctive character. In a similar way, Fry, Stoner and& Hattwick (2004) argue that physical resources include fixed assets (such as land, building, and equipment), raw materials that will be used in creating products, and general supplies used in the operation of the organization. Ainuddin et al. (2007) have also found that financial resources such as cash-in-hand, bank deposits and/or savings and financial capital (e.g., stocks and shares) also help explain the level of organizational competitive advantage and performance. Riding, Orser, Spense and Belanger (2012) examined financing sources for SMEs and the proportion of investments financed by external sources including bank debt (from domestic and foreign sources), equity, leasing, supplier credit and development banks including finance from public sector banks and informal sources.

To measure the internal management structure, there is the need to look at the human resources, physical resources (office, equipment and logistics); and financial resources. *Human resources* of the organization refer to the people (employees) that

utilize other resources of the organization in order to achieve organizational and individual goals (Armstrong, 2006). Human resource management is therefore a strategic function that encompasses management of an organization's critical human assets for gaining competitive advantage. It involves all management actions and decisions that affect the nature of the relationship between the organization and its employees (Armstrong, 2006). In order to determine how well the NGOs are doing with their HRM, the study intends to collect data and measured the presence and activeness of a board, number of times the board met the previous year, the number of employees, academic qualification of the employees, total number of employees trained in the previous year, total emoluments in relation to number of employees and employee turnover.*Office, equipment and logistics* are expected to facilitate the work of the NGOs. The availability and functioning of these facilities are therefore expected to enhance the capability of the NGOs to deliver services to their beneficiaries. This is measured by the number of office space/room available, presence of mailing address, telephone, fax, e-mail address, tables and chairs, computers, file cabinets, air conditioners, fans, cars, motor bikes, and bicycles (Newbert, 2007) identified physical resources as critical for improved performance in an organization.

Every organization requires *financial resources* to carry out both their administrative and operational duties and the success of an NGO to a large extent depends on the level of financial resources available to the organization and how prudent they are put to use (Finkler, 2001). Ideally, there is need for data to be collected on the actual financial resources available to the NGOs, the sources of funding, the development activities they are put into and the ratio of administrative to operational costs. However, interaction with the industry players could show that most NGOs find it difficult to disclose publicly their actual financial resources for many reasons. Therefore this study though is concerned about the amount of funds received, but also focuses on collecting data on the percentage of the actual amount they are able to raise relative to funding they required for their development activities. This is premised on the fact that NGOs write proposal for funding based on the needs assessment of their current and potential beneficiaries and their own potential to implement the proposed interventions. The success of the interventions therefore, largely depends on securing full funding for the development interventions. The higher the percentage of actual funding received relative to total funding required, is expected to affect positively the operations of the NGOs. NGOs when seeking sponsorship usually built-in administrative costs of running their offices into projects costs since donors do not usually finance administrative costs of these NGOs. However, the lower the administrative costs relative to the total costs of a project, the better it could affects their core development activities.

From the foregoing review of literature, it is observed that adequate attention has not been paid to NGO internal management issues such as human, physical and financial resources. The main problem this study seeks to address is to examine anecdotal evidence suggesting that many of the NGOs do not have the requisite management structure to contribute to poverty reduction and community development.

Therefore, this study intends to develop the theoretical proposition by Lewis (2001) to construct a capability index for NGOs in the Shea industry with respect to their internal management structures focusing on human, physical, and financial resources.

OBJECTIVES OF THE STUDY

The main objective of this study is to construct a capability index for the NGOs in the Shea industry in the Northern Region of Ghana.

The specific objectives of the study are:

1. To determine the capabilities of the NGOs in terms of their human resources
2. To determine the capabilities of the NGOs in terms of their physical resources
3. To determine the capabilities of the NGOs in terms of their financial resources

RESEARCH QUESTIONS

The following research questions guided this study

1. What are the capabilities of the NGOs in terms of their human resources?
2. What are the capabilities of the NGOs in terms of their physical resources?
3. What are the capabilities of the NGOs in terms of their financial resources?

METHODOLOGY

This study adopted the cross sectional survey design and employed quantitative research method to construct capability index for NGOs in the Shea industry in terms of their internal management structure. The population for this study comprises all 30 NGOs working with small scale Shea butter processors in the Northern region of Ghana with sampling frame provided by Shea Network Ghana, an umbrella body for all registered NGOs in the sector. The study adopted the census method for the NGOs since their number was small and therefore sought to collect relevant data from all the NGOs in order to address the objectives of the study. The instrument used for data collection is questionnaire administered on all the NGOs. With respect to validity of the instrument, it measures the extent to which the instrument actually measures it purports to measure (Kimberlin & Winterstein, 2008), as the instrument of the study was face and content validated by experts in community development. The reliability test was conducted on the pretested questionnaires administered to persons who were not part of the study and using the Cronbach alpha formula the coefficient values obtained was 0.70, which shows the instrument was good to collect the necessary data from the respondents. The study used mainly descriptive statistics such as the mean, range, and mode for data analysis.

RESULTS AND DISCUSSION OF FINDINGS

Research Question One: What are the capabilities of the NGOs in terms of their human resources?

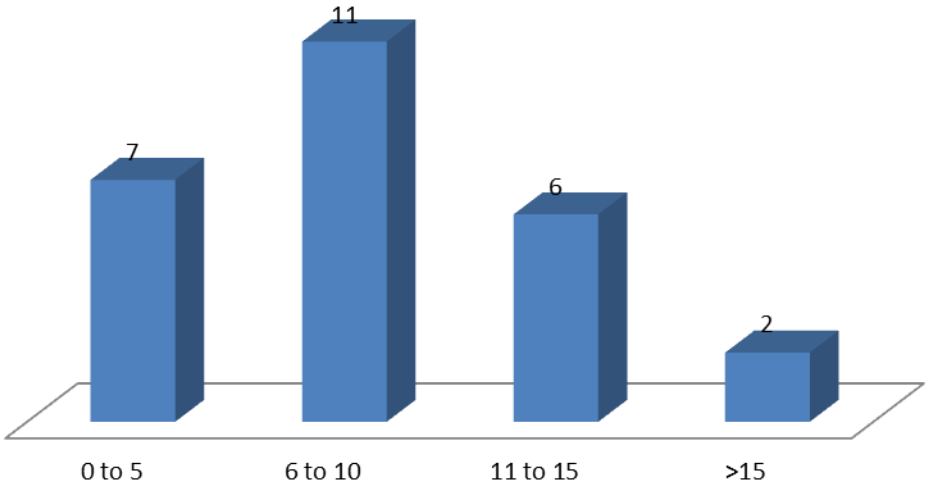


Figure 1: Capabilities of the NGOs in terms of their human resources
Source: Field Survey (2017)

The Figure 1 above shows that NGOs providing services to the Shea butter processors in the Northern Region have board of directors that meet at least twice a year. The NGOs also have diverse sizes in terms of their number of employees ranging from 3 to 21 with an average of 4 employees per NGO. It is also observed from Figure 1 that majority have between 6 to 10 employees with only two NGOs having more than 16 people in their permanent employment indicating that most of the NGOs in the industry are small scale when compared to large scale NGOs that employ thousands of people on permanent basis and thousands more as volunteers. The NGOs in the Shea industry however also indicated that they engage volunteers for some of their activities and did employ temporary staff from time to time when the need arose. They also hired services of consultants and other professionals to handle specific projects or operations beyond their core mandates

It was observed that majority of the employees (about 53%) working for the NGOs have tertiary qualification indicating that the NGOs put premium on recruiting highly skilled personnel to manage their activities. It was also observed that 66% of the employees were given training the previous year on different aspects of their operations including training on proposal writing, group formation and dynamics, capacity building, market analysis, procurement, fund raising, budget preparation, gender issues, quality Shea production, health and safety among others. Kim and

Ployart (2014) confirm that employee training results in improved organizational performance. The NGOs did not disclose the actual salary range of their employees but gave strong indication that it was well competitive and compared to what business entities within the region pay. As a result, employee turnover rate among the NGOs was quite low. However, Batt (2002) showed a negative relationship between employee turnover rates and organizational outcomes; other studies such as Guthrie (2001) have failed to find negative relationship.

It can therefore be concluded that the NGOs in the Shea industry in the Northern Region have adequate capability in terms of their human resource base. They all have well constituted boards that meet at least twice a year, they employ highly skilled personnel, give them requisite in-service training and pay competitive remuneration; and therefore record low employee turnover. It is expected then that this should have a positive effect on the technical efficiency and general welfare of the small scale Shea butter processors that benefit from their services.

Research Question Two: What are the capabilities of the NGOs in terms of their physical resources?

Table 2-*Physical Resources of the NGOs*

Statistic	Minimum	Maximum	Mean	Std. dev.
Office Rooms	1	6	2.38	1.55
Tables & Chairs	1	6	2.58	1.58
Computers	1	3	1.73	0.72
Fixed Telephone	Yes (15.4%)	No (84.6%)		
Vehicles	Yes (65.4%)	No (34.6%)		
Motorbikes	Yes (38.5%)	No (61.5%)		
Bicycles	Yes (19.2%)	No (80.8%)		
Air-conditions	Yes (15.4%)	No (84.6%)		

Source: Field Survey (2017)

Table 2 above shows that all the NGOs surveyed have physical addresses and offices to which they could be traced and located. On the average, they operate on slightly smaller than three rooms (2.38) per NGO. They also all have mailing addresses from which mailed correspondents can be delivered to them and active e-mail addresses which also facilitate communication far and near. Availability of physical resources is expected to facilitate the work of the NGOs to deliver services to their beneficiaries. All the NGOs surveyed also reported having file cabinets for safe keeping of documents and all had fans for good ventilation. However, only four representing 15.4% had air-conditions in their offices. A significant 65.4% of the NGOs also reported having at least one vehicle for their operations while 38.5% and 19.2% respectively had motorcycles and bicycles for their operations. Some of the vehicles were however registered in the personal names of the CEOs of the NGOs making it

difficult to regard them as properties of the NGOs that were registered as companies limited by guarantee.

With respect to tables and chairs, it is observed from Table 2 that the NGOs operate on average on less than three tables and chairs per NGO given the indication that the number of tables and chairs available would not be sufficient since the average number of employee per NGO was found to be about four persons. It was explained in some cases that most of the times, not all the staff were in the offices as some were usually on field operations. It was also observed that on average, the NGOs operate with less than two computer (1.73) suggesting that about two employees share one computer per NGO or some employees may not have schedules that require them to use computers. Newbert (2007) support the evidence that availability of resources including human, physical and financial resources will help organizations to improve competitive advantage and performance.

It can therefore be concluded that the NGOs in the Shea industry in the Northern region are above average in terms of physical resources such as office space, mailing addresses, tables & chairs, computers and vehicles among others. This seems to contradict the notion that is held out there that many NGOs in Ghana have no physical spaces to which they can be traced but operate in the vehicles and hand bags of their owners. It is also consistent with findings that physical resources are essential requirement for any organization to function effectively

Research Question Three: What are the capabilities of the NGOs in terms of their financial resources?

Table 3-*Financial Resources of the NGOs*

Variable	Minimum	Maximum	Mean	Std. dev.
Local Proposals	0	5	2.46	1.14
Positive Local Proposals	0	2	1.38	0.64
International Proposals	0	3	1.34	0.84
Positive International Proposals	0	3	0.92	0.80

Source: Field Survey (2017)

Table 3 above shows that on the average, the NGOs submitted more than two proposals (2.46) to the local donor agencies with more than 50% of the submitted proposal (1.38) yielding positive results in terms of funding. Similarly, the NGOs on the average submitted more than one proposal to the international donor agencies (1.34) with almost 70% of those proposal yielding positive results in terms of funding. It was also observed that about 74% of the funds were committed to development projects while the remaining went into administrative overheads. This is quite positive and indicates that the NGOs were committing more funds into their development activities than the administrative costs. All the NGOs also indicated that they operated

accounts with banks and other financial institutions but only 20 representing 76.9% had their account audited the previous year.

The NGOs were asked to indicate the sources of funding for their development activities for the previous year. They indicated the major sources of funding of their activities to include the founders, self-financing from own businesses, beneficiaries/clients of their activities, local and international donor agencies among others. Only two of the 26 NGOs responded to the question on the actual amount of funding received in the previous year indicating that over 90% of the NGOs surveyed did not respond to the question with one indicating receipt of about GHC200, 000.00 and the other about GHC80, 000.00 from local and international donors. It is therefore quite difficult to make any judgment based on these two NGOs. This is supported by the work of Finkler (2001) and Riding et al (2012) that financial resources are the bedrock of any organization be it governmental, private business enterprise or NGO without which not much can be achieved.

It can be concluded therefore that the NGOs in the Shea industry in the Northern Region sought for funding from diverse sources both from within and outside the country. They also expended greater proportion of the amount received on the development interventions against huge administrative overheads. However, the fact that over 90% of the NGOs failed to declare the actual amount received from donors in the previous year couple with the fact that about 23% of them did not have their account audited for the previous year seem to suggest more need to be done to improve transparency and accountability in the operations of the NGOs. There are wide spread anecdotal evidences suggesting that many NGOs are more interested in the personal comfort of their founders and executive officers than altruistic concerns for the welfare of the underprivileged they claim to serve and on whose behalf they seek for funding.

To compute the NGOs capability index therefore, the averages for the different components are summed up as followed:

Human Resources = 12/18; Physical Resources = 12/19; Financial Resources = 5/13

These results indicate that the NGOs in the Shea Industry in the Northern Region have above average Capability Index of 29/50 or 58% and it can therefore be expected that they will be able to contribute to poverty reduction and overall community development in the area.

CONCLUSION AND RECOMMENDATIONS

This study found the NGOs in the Shea industry in the Northern Region to have above average capability in terms of their human, physical and financial resources. The NGOs recruited skilled personnel and provided them with requisite training to enhance their operations. They also have office space, logistics and financial resources to work with. It is therefore expected that this will have a positive effects on their beneficiary small scale Shea butter processors. The NGOs provide training to the small scale Shea butter processors; facilitate input supply and marketing of the Shea butter. These are

expected to contribute meaningfully to poverty reduction and community development in the Northern Region.

Based on the findings of this study, it is therefore recommended that NGOs should continue to recruit highly qualified personnel and maintain adequate quantity and quality physical resources such as office space, tables and chairs, computers and vehicles among others because these would improve their capability to contribute to poverty reduction among the women Shea butter processors and overall community development in the Northern Region of Ghana.

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