

CAPACITY BUILDING OR CONTROL?

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In Britain, changes in legislation has seen the State increasingly turning to the voluntary sector as a potential partner and service provider in tackling social issues. This is done via local authorities, which are now required to engage the voluntary sector as part of the funding arrangements.

This development has resulted in some key issues for the aforementioned sector. One is, that prior to this change in governmental strategy, the voluntary sector received much of its funding through grants and fund raising activities which primarily attracted corporate sponsors and individual donations. These two sources of funding are under threat in Britain due to the creation of the national lottery which requires a portion of the money raised through sales to be channeled to 'good causes'. This may have resulted in a decline in the amount of money the voluntary sector has been able to raise, as potential individual donors purchase lottery tickets rather than donate money directly.

The change in state policy has shifted the way the voluntary sector is being funded. Funding through grants has been largely replaced by more demanding contract and service level agreements. In many small voluntary organisations this has caused problems as it has restricted advocacy activities and there is evidence that recruitment of volunteers has become very difficult for many organisations operating in inner city deprived areas.

The issue of funding has raised an overarching concern, one of capacity – the ability of the voluntary sector to continue to fulfill the increasing demands, which are placed on it. This has resulted in the theme of 'Capacity Building' in the voluntary sector. The concept of capacity development came into existence during the 1990s with the growing realisation that poverty and sustainable development could not be addressed through technical and economic solutions alone. Organisational theory and development management, as well as sociology, political science, and economics have influenced thinking around the term, however, there is no agreement on the definition of the term. For example, UNCED (1992; p1) cites capacity building as, "Specifically, capacity building encompasses the country's human, scientific, technological, organisational, institutional and resource capabilities. A fundamental goal of capacity building is to enhance the ability to evaluate and address the crucial questions related to policy choices and modes of implementation among development options, based on an understanding of environment potentials and limits and of needs perceived by the people of the country concerned".

Wakely (2003;p3) states that " To many people capacity building means training or human resource development. Certainly this is a very major component of it. However, if decision-makers, managers, professionals and technicians are to operate at full capacity, they need more than just their own abilities. They need an institutional and organisational environment conducive and supportive of their efforts, energies and capacities. Institutional and organisational constraints present as great an impediment to the effective management of cities and settlements as the inability of professionals, technicians and ordinary people. To be effective capacity building must embrace all three aspects: human resource development; organisational development; and institutional development."

In addition Eade (1997; p28) discusses the idea of capacity building in more depth and states:

"Capacity-building is an approach to development, not something separate from it. It is a response to the multi-dimensional processes of change, not a set of discrete or pre-packaged technical interventions intended to bring about a pre-defined outcome. In supporting organisations working for social justice, it is also necessary to support the various capacities they require to do this: intellectual, organisational, social, political, cultural, material, practical, or financial." Skinner (1997, p.16) outlines capacity building as "Development work that strengthens the ability of the BME community and voluntary sector to build their structures, systems and people (knowledge and skills) so that they are better able to define and achieve their objectives". Skinner was writing about regeneration and black and minority ethnic (BME) communities within the inner cities of Britain.

At times capacity building and capacity development are often used interchangeably. Capacity development is more the newer term and focuses more on development of existing capacities rather than developing new ones and is a broad strategy which attempts to link in disciplines of organisational development, community development and sustainable development into one overriding concept (Morgan, 1998).

According to Shirlow and Murtagh (2004, p.58), "Policy-makers continually rely upon theories and practices of social capital and capacity-building in fashioning novel interventions which aim to activate localized networks in order to mitigate the impact of social exclusion".

So, overall given its fusion of institutional objectives, human resources and "social " objectives, it has been attractive to the State, and capacity building has been translated into a range of policies with funding attached.

This has resulted in many voluntary sector organisations to question how best to respond. What can voluntary sector organisations do to survive the current complex situations they find themselves in? They can institute either internal or external strategies or both approaches simultaneously, however, it is likely, and that greater emphasis may be placed on one strategy relative to the other. Internal strategies comprise various management initiatives designed to produce greater organisational efficiency, while, externally oriented strategies attempt to alter the relationship between individual nonprofits and the funding and political systems in which they operate.

Numerous ideas have also been mooted as to how to deal with this change in strategy towards capacity building, for example, being proactive in managing their relationship with the local authority, taking a range of actions to protect their organisational independence, making use of new opportunities to feed into local planning and develop their organisational capacity, particularly in the area of management expertise, financial management and performance monitoring are just one set of recommendations put forward (Bemrose and MacKeith; 2001).

In addition Emerson and Twersky (1996) put forward the idea that those working in the nonprofit sector should be social entrepreneurs. Adopting "private sector strategies" would aid "social sector success" according to Kearns (2000). Various other authors have researched into the area of profit sector and the nonprofit sector interfaces, and offered a range of different ideas (e.g Austin, 2000; Moore, 2000; Frumkin & Andre-Clark, 2000;

Weisbrod, 1998). However, according to Dart (2004; p.293)) this literature “has not been very detailed or fine grained”. There are also ideas which concentrate on the application of business tools of strategic planning and market research and analysis for example, and most of these appear to be prescriptive (Brinckerhoff, 2000; Oster, 1995).

It is within this context that voluntary sector organisations have to survive now if they are to fulfill their objectives to enhance the conditions of civil society. While such ideas above may seem practical, the main issues of funding and control still remain. There is no shortage of consultants hovering around the voluntary sector willing to provide guidance on how to manage this transition. The new dogma now is that in order to survive the voluntary sector must embrace private sector methods of management; (these includes the management speak of customer service, quality, just in time techniques, etc.)

What does the practice show?

How is the voluntary sector being affected by this policy of Capacity Building? What changes have such organisations to make in order to adapt to this new set of policies where they have to work in collaboration with local authorities? What are the dynamics of the funding and power relationships now? How does it affect their independence and their ability to work both as service deliverer and perform advocacy? What changes in management practice do they need to make to survive? Is this a new form of control by the state to influence civil society indirectly?

Methodology

In order to elicit the experience of these organisations, interviews were conducted and the findings presented in this paper are based upon 52 semi-structured interviews with a wide a variety of stakeholders within the organisations. A list of those organisations which were involved in delivering objectives for various local initiatives was obtained and interviews set up over a period of ten weeks. Initially it was hoped that in order that to ensure consistency either only the Chair of management committees should be interviewed or the head of the organisation. In practice it was difficult to interview just one set of members, and so interviews were conducted with senior members within the organisations, who were either managers or on the management committees. Each interview lasted between 45 minutes to two and a half hours. In addition reports produced by the respective organizations were also examined to clarify the mission, objectives and values.

The results here have their limitations; some groups are more interested in the subject hence will provided interviews, while there also the issue of more powerful voices to be heard at the expense of less powerful and less vocal groups. In addition there is also the issue of the amount of time available to conduct field research. The organisations chosen here are based in three inner city boroughs where there are various neighbourhood capacity building initiatives being implemented.

Background to the organisations

Most of the organisations were established in the communities they served, the minimum time of existence was nineteen months and the maximum eleven years. There was a great

diversity in the communities and the causes they represented. This is not surprising given the ethnic, gender, class and age mix of these areas, collectively these three boroughs represented the most diverse groups within inner London. The area also has numerous newly settled communities from the East African region (mostly Somalia) and Eastern Europe. The organisations represented pensioners, young people (14-18 age group) gender rights (women's health) health, housing, welfare rights, education and training. All of the organisations received funding from their respective local authorities.

Key findings

Analysis from the interviews suggest that there is considerable agreement between the organisations as to the key issues associated with capacity building, funding and what is perceived to be control of the initiatives by the chief funding body (the government) via the local councils. The key points are summarised in the box below:

Box 1. Issues which arise from capacity building and its associated funding mechanisms

- It was not always clear what the term capacity building meant, there were differences in its meaning and context
- The actual funding process was problematic and there were application process issues, which disadvantaged groups who were not in the information 'loop', and were not part of any local political networks.
- Applications for funding was now a complex and consumed enormous amount of resources
- The nature of the funding itself raised issues for many organisations as the overall 'collegial' environment whereby organisations openly discussed issues with each other has been damaged due to the competition of securing funding.
- There was a whole new jargon now that had to be learnt and used which went against the grain of the voluntary sector and the egalitarian ethos these organisations value
- There was some pressure put on some organisations by funders, namely local authorities to adopt 'professional' management techniques associated with the new management speak
- Many organisations were under pressure to target funding which has reduced their capacity to conduct advocacy and/or campaigning work; in some cases they become trainers providers or welfare advisory centres.

What is capacity building?

There were some differences in perceptions as to what capacity building stood for. There were two strands to these perceptions; for some organisations the notion was very clear, it was to do with the capacity of the organisation to deal with the changing nature of needs demanded by their clients. To others it was a broad tangible concept of improving the capacity of the communities they served, however a minority saw capacity building as something they thought was not the answer to what they saw as the key problems facing them or their clients, hence the commitment was limited. A study conducted by Alcock, Harrow, Macmillan, Vincent, and Pearson, (1990) similarly, echo these sentiments.

Funding issues

Funding was seen to be one of the key elements of concern here. A large number of organisations felt that there was a market driven ideology which fuelled the funding machine. The government, it was felt was being influenced by the 'new labourite' think tanks whose main aim was to increase efficiency and 'professionalise' the voluntary sector, irrespective of the size of the organisation or the type of service it delivered. There was some further concern that, as in most cases funding came from local authorities who were subject to various government led initiatives (e.g. Best value) and other initiatives (e.g. quality, performance management) which the local councils implemented themselves as part of the Modernising Government Agenda, the voluntary sector itself had to keep up with these developments and 'fall in line' if funding was to continue.

Another concern was that the pace of change and the complexity of the funding process given its different requirements and formats was not always conducive to the delivery of outcomes which the voluntary sector valued. In addition the sector had to rapidly adapt to the changing agenda of the government while all along, in most cases funding was provided for a period of only twelve months. It was not always possible within a year to adapt to new agenda, secure funding to maintain services and continue with delivering existing services.

The funding regime which reflects the contract culture itself is seen as a cumbersome animal. The application process required organisations to be in the information 'loop', applications differed in requirements and the amount of information which had to be imparted. Certain 'key phases' had to be used and those who were competent at using such jargon usually succeeded. The latter point is also raised by a report by the 1990 Trust (2003) which in analysing the position at black minority ethnic voluntary organisations research found that the funding process caused numerous problems as above.

Securing funding is seen as a long winded process requiring meetings, filing in complex forms which require a lot of background data. Often the completion of applications requires team meetings or meetings between the managers and the management committee, in some cases consultants are hired to help with complex large funding; all this "consumes valuable resources which we don't have" explained one interviewee. Another respondent stated that around the end of the financial year, "we spend at least fifty percent of the time completing monitoring or evaluation forms or application forms for new funding".

There was a general perception that given the environment of scarce resources and competition for funding, there was a tendency not to collaborate with other organisations. There was always pressure on staff to deliver new services, maintain current ones and engage in competitive bidding, this left little time for building alliances with organisations which often applied for the same funding on a competitive basis. To quote one interviewee, “we used to collaborate with two other organisations but now it’s difficult because of capacity building funding we all compete to train the unemployed”.

Much concern was expressed that the building of alliances with other organisations within the local community was becoming difficult due to competition for funding. The sharing of ideas and good practice was now much limited.

Finding matching funding was a problem often cited; again this was subject to competition, for example two managers in separate organisations stated that they both had applied to the same funders to secure matching funding for similar capacity building objectives set by the local council. To one manager “if they had told us who had applied for what so that we could either withdraw or build an alliance”

Management and Control

One of the key issues in the management of capacity building as with other initiatives was the amount of control exerted by the funder (in most cases here it is the local council). The contract nature of many of the initiatives required the groups to provide evidence of various commercial commitments, for example “value for money” was usually high up the agenda, translated it meant low unit cost. A study by McLeod (1996) looking at black minority ethnic organisations found similar issues facing these organisations; quality standards and additional paperwork were also cited by this study.

Another was key performance indicators, which basically meant transforming some social injustice or need into performance indicator format which could be seen as a ‘tangible’, hence measured. Additional elements of ‘customer relations management’, or ‘quality indicators’ are also requirements, again these have to be translated both to get funding and provide evidence of achievement once the funding has been granted. These requirements at times go against the language of social transformation, collegiality and egalitarianism of organisations in the voluntary sector. In addition to this there were monitoring and evaluation forms that need to be completed at frequent intervals depending on the nature of the funding. Numerous templates were often provided which required various data collection systems which for many small organisations was difficult given the limited resources.

This issue of what needs to be measured and against whose goals is a crucial one. Whose point of view counts the most? These issues are not normally discussed with the funder; as one manager (this organization provided support with housing and health issues) pointed out, “What we value and they (the local authority) value are two different things. We want to be supportive and help as many people as we can while they are more concerned with numbers, the more the better. We can see one person four or five times with different issues, but we get funding to see them only once. In addition we do not have the capacity to see a lot more who just disappear after floating in and out, the queue is always long.”

To this manager this was “pressure to be more business like and the consequences of which were, to be less supportive”.

However, here some respondents pointed out that the sector had to be careful as it may lose the battle to retain its independence. To some respondents the battle was already lost. They cited examples of how voluntary sector organisations were accused of not having a long term strategy. To cite one manager, “this criticism has stung the sector so hard that they have reacted by organising conferences on strategy and management training. Many senior managers have attained MBAs or other masters degrees in collaboration with universities who have developed these courses (to respond to their own lack of funding) to meet this ‘market’, and if you look at these courses you will find that they teach private sector capitalist management techniques and expect these to be contextualized to our sector, this is not always possible”.

Here the for profit ethos is taught to those working in not for profit sector, however, while no one will argue that synergy and learning from the experience of others is a positive development, the underlying assumption here is that private sector management techniques, i.e. those which have sustained capitalism, are superior, more effective and by right must be infused in the not for profit sector.

Another respondent cited that “while we are expected to adopt private sector management techniques, how about they adopting our techniques to try and attain equity in treatment for a change?” The same manager gave the example of TQM (Total Quality Management) as an issue; “who would disagree with TQM? However, do all private sector firms provide high quality goods and services? “.

A little over a third of the interviewees were concerned that these types of management techniques were forced through by using funding as a leverage. Issues of control, professionalism and values were very much to the fore. To one manager it was very clear what was going on, “they had difficulty controlling us, but now they have found a way. I am political activist or may be a community activist, but they want to turn me into a bureaucrat, its procedure and forms before community needs now”.

In seeking funding councils demand information on how quality will be ensured (quality targets), measured (quality metrics) and evaluated. Apart from the time it takes it is questionable if providing such information and then setting up bureaucratic systems to implement and collect data to evaluate effectiveness will actually help the clients in the context of scarce resources. In addition according to one manager ‘the funding does not provide extra resources to implement such techniques”. Similar concerns are raised by Wing (2004) who outlines various issues of measuring effectiveness of capacity building initiatives including measuring performance.

However, many organisations also pointed out that the capacity building did make them think about their ability to serve their community in the most efficient way possible. In some cases the requirements of evaluation data has forced the organisations to rethink their data collection systems, in other cases this has accelerated similar developments which were only partially in existence.

A few respondents also pointed out that capacity building made their respective organisations think of what internal needs i.e. capacity they needed to build to meet the challenge of changing requirements. More training in bidding for funds, financial

management, motivating staff and volunteers and even marketing were seen to be important.

Conclusions

While there are certain positives to be gained, it appears that the practice of capacity building is pushing the sector in a certain direction. It has tied the voluntary sector closer to the public sector and now it has become part of the 'reform public sector' whereby its expertise and connections with communities are used to deliver services. In the process the sector has become dependent on local government funding and some respondents questioned this, but they admit that there are hardly any options left for the time being. The sector has deep roots within civil society than the government and should not lose sight of what it stands for. In addition, any influence on the sector is an issue that it needs to control, currently it appears in some cases that commercial (i.e. capitalist) management practices seem to be forced through, rather than the sector deciding what it needs and wants to choose; the lynchpin for this is the funding mechanism, a powerful instrument of control. In Britain 37% (NVCO; 2004) of the funding to the voluntary sector comes from local government.

According to Levitas (2000,p196) " My first worry about "capacity-building", as about 'community development', is that it often seems to be a way of expecting groups of people who are poorly resourced to pull themselves up by their collective boot straps. So-called social capital is expected to take the place of economic capital. The imputed absence of social capital is potentially stigmatizing and laid at the door of (mainly) poor people themselves. 'Capacity-building' may be an alternative to economic regeneration. A large part of the effective resourcing therefore takes the form of unpaid work."

This appears to hold some truth for many of the organisations involved in this study and it raises the issue of the independence of the sector; Charles Secrett (ex-Director of Friends of the Earth), questions the notion of the voluntary sector working in partnership with the government, he states:

"The point of the sector is to be independent and there is a danger of the watchdogs becoming lapdogs when in partnership with the government". (Quoted in Hill, 2000).

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