INTRODUCTION

1.1 Statement of the problem

Non-governmental organizations (NGOs) have been around for more than 150 years. Over the last decade, however, there have been some notable changes in their number and the nature of their business (Nalinakumari 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. Nalinakumari and Maclean (2005) have observed the exponential growth in the numbers of NGOs in the different parts of the world. They have reported that the number of international NGOs that stood at around 12,500 in the year 1980 has increased to 45,000 in the year 2000. Another change is an increased availability of funding in this sector (Goel and Kumar, 2005). The NGO sector in the United States of America today accounts for a significant portion of overall economy (*www.independentSector.org*). Mandato (2003) has reported that 70% American households contribute more than U.S. $70 billion each year to NGO sector.

Similar changes have been found in the developing world, irrespective of the form of governance prevailing in a country (Goel and Kumar, 2005) as NGOs have been increasingly recognized as a conduit for financial aid. In a democratic pattern of governance, the NGO often expresses the collective aspirations of the common people (Sen, 1987). 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 exist in India representing various

sectors, ranging from the environmental to social sector development (Salmon and Anheier, 1997). These NGOs in India employ about 20 million people and attract funding to the tune of 18,000 crores Indian rupees annually (http://timesfoundation.indiatimes.com, dated 5 May, 2006).

The growth of the NGOs has been further supported by the government policies as expressed by India's five year plans. The seventh five-year plan (1985-90) of the Indian government explicitly included NGOs 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 plans, 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.

Irrespective of the type of organizations, the pertinent concerns are the organizational effectiveness, the culture and leadership therein, the type of exchange relation between leader and members prevailing in the organization, and the employees' commitment towards the organization. These issues have been studied separately in commercial organizations, but the interplay among these constructs has not been dealt in NGOs, creating scope for investigation. Borrowing the concepts from organization literature in general and industrial set-up in particular, this study attempts to replicate the findings in the Indian NGO sector.

There are six types of replications: (1) checking of analysis, (2) reanalysis of data, (3) exact replication, (4) conceptual extension, (5) empirical generalization, and (6) generalization and extension. This study comes under 'generalization and extension'

category (Tsang and Kwan, 1999). It is carried out in a different cultural context, in different set of organizations in a different time period using different contextual measures suited to the NGO sector and its personnel compared to earlier studies in for-profit sector. Such replications are warranted to assess the external validity of earlier findings and build the confidence of researchers on previous findings.

Furthermore, despite being older than most commercial organizations in the world, having prolific growth in number, employing a sizeable population, and playing a significant role in community development, very little has been known about the leadership, the culture, the leader-member exchange, the organizational commitment, and how these constructs influence the effectiveness of the NGOs. More significantly, there is paucity of literature to rationalize the link between NGO effectiveness and the outcomes of the community development programmes undertaken by NGOs. This study attempts to fill this gap.

1.2 Indian NGO scenario

The Government of India has launched some ambitious programmes like National Rural Employment Guarantee Schemes, National Horticulture Mission, National Rural Health Mission, and Free Legal Aids Programme, etc., that involve NGOs as major stakeholders in implementing these programmes (NGO Handbook, 2005). In this context, the role of leadership in NGOs has become even more important than ever before that can lead to success or failure of these programmes.

NGOs are mostly run as one-man-show supported by a handful of professionals and even fewer staff functionaries (Suar et al., 2006), and are mostly devoid of hierarchy. Generally, the founders of NGOs provide the necessary vision, mission, and the direction.

They hardly possess physical or financial resources, hence, have nothing much to offer in exchange of staffs' services. So, these NGOs do not have the necessary means to offer hefty salaries to their staff. This puts a strain on the recruitment of professionals in NGOs. The situation is further aggravated on account of poaching by other NGOs, and even by other sectors that operate in the same locality. Then, there is the issue of effectiveness of NGOs that operate at the grassroots level and deliver the benefits to the target beneficiaries. Here, the role of leaders is to provide a kind of exemplary, selfless, and dedicated service, develop a culture that is most likely to result in higher and more effective performance among employees than previously thought possible, and contribute to the effectiveness of NGO in discharging responsibility for development and welfare of people. NGOs' effectiveness is likely to affect the outcomes of the programmes undertaken by them. The outcomes of the programmes reflect the cardinal changes in the levels of education, health, income, and happiness of beneficiaries of the programmes.

1.3 Objective

In the backdrop of the challenges faced by the Indian NGOs, this study examines the relationship between transformational leadership, organizational culture, leader-member exchange (LMX), organizational commitment, organizational effectiveness, and specific programme outcomes in the context of Indian NGOs. First, it examines whether the transformational leadership at the top builds the culture of NGOs that furthers NGO effectiveness or the transformational leadership directly enhances NGO effectiveness. Second, it also examines whether the transformational leadership in NGOs influence leader-member exchange that increases staff commitment for furthering NGO effectiveness or the transformational leadership directly increases staff commitment for

furthering NGO effectiveness. Finally, it gauges whether NGO effectiveness improves the programme outcomes in terms of better health, education, income, and happiness of grassroots beneficiaries.

1.4 Scope of the thesis

The scope of the study is limited to: (a) 312 surveyed NGOs based in Jharkhand (India) and having operations for a minimum period of five years, and (b) field staff of NGOs and beneficiaries in operational villages of NGOs.

1.5 Organization of the thesis

The thesis has six chapters. The second chapter critically examines the literature and derives the hypotheses for investigation. The third chapter incorporates methodology. Besides sample of the study, and measurement of the constructs, the reliability and validity of the constructs are dealt with. Chapter four carries out statistical analysis and provides the evidence to support or refute the hypotheses. Chapter five interprets the obtained results with literature support, and observations in the field. The last chapter summarizes the findings, develops a theoretical framework, mentions implications, states contributions and limitations of the study, and suggests problems for future research.