

# **INTI INTERNATIONAL UNIVERSITY**

## **MASTER OF BUSINESS ADMINISTRATION**

### **THE EFFECTIVENESS OF HRM STRATEGIES IN SUSTAINABILITY OF NON- GOVERNMENTAL ORGANIZATIONS: A CASE STUDY IN WORLD VISION, MONGOLIA**

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## **Abstract**

This research gives the perspective on sustainability of NGOs through human resources management strategies and its best practice. The purpose of this research is to examine the effectiveness of Human Resources strategies in sustainability of NGOs and World Vision, Mongolia and its human resource strategies explored in this research. There were seven semi-structured in-depth interviews conducted with the managers and employees of World Vision, Mongolia. The data were analyzed as template analysis with four themes (i) organizational culture (ii) organizational support (iii) employee satisfaction and (iv) job security. The findings mentioned that the organizational support is the key trigger among the other themes and recommendations have made upon the barriers and challenges that have been addresses in the research.

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## CHAPTER ONE

### Introduction of the study

#### 1.1 Background of the study

The concept of Non-governmental organization (NGOs) is widely accepted as a concept that consists of organizations which are non-profit and independent from government. The numbers of NGOs have risen rapidly since the 1980 worldwide. During 1990s, the United International Associations have announced that there are more than 14,000 International Non-governmental Organizations which operates in more than three countries (Yanacopulos, 2008). The NGOs have a common goal to work for those in need, therefore, most of the NGOs work in the developing countries (Hailey and James, 2004). Along the way in the rapid growth of NGOs, there have been some discussions as criticism regarding to their effectiveness and performance, commercialization, and accountability (Reimann, 2005). The NGOs involved in a big range of activities, mostly related to education, welfare, human rights, research and advocacy and more as well as they operate in a range of levels such as internationally, national level, intergovernmental level and even at the level of grassroots (Unerman & O'Dwyer, 2006). NGOs have a vital role to help the poor in the community while promoting sustainability of economic, social and environmental (Unerman & O'Dwyer, 2010).

Human resource management symbolizes the innovation of personnel management by chief executives. Human Resources Management teams of organizations are responsible for the employee's whole lifecycle during the employment. At first, to attract the right people for the right job, this is through the recruiting process. Afterwards, training and development, performance appraisal, rewards and employee benefits and others are main activities of Human Resources Management. The



importance of human resource management and its policies are to value the human capital and treat the employees as valuable asset of the organization, further, the organization sustain its existence (Fowler, 1997). Therefore, this research is driven by the idea of how human resource management and its strategies are applying to NGOs, the organization which do not seek for profit and independent from the government.

## **1.2 Problem Statement**

Effective management is vital and the key to the success of any organization. Moreover, the effectiveness of Human Resources Management (HRM) practices directs the organization it's towards the vision and mission. Therefore, HRM practices in the business organizations have been the most common topic in HR field rather than in Non-governmental Organizations (NGO) (Brown, et al., 2012). The external relationships of NGOs with such as donor countries<sup>1</sup> government and other agencies were mostly researched rather than internal relationship within the organization itself.

Nahapiet and Ghoshal (1998) and Becker (1964) have reported that HRM practices have influential role on developing two factors, human capital as knowledge, skills and abilities and social capital as nature of the relationship. The human capital influences on performance outcomes and social capital influences on enhancing the performance.

## **1.3 Gap of the Study**

Barney (1991) and Grant (1996) reported about the focus on strategic management is mainly targeted at knowledge and resource based views and argued that the international resources are necessary for sustaining and constructing competitive advantages of the organization (Buller & McEvoy, 2012). Boselie, Dietz and Boon

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<sup>1</sup> countries which provide aid to developing countries

(2005), suggested that there has been relationship between human resources, strategy, human resource management practices and performance of the organization. According to Guest (2011) and Paauwe (2009), HRM strategies have impact on the performance of the organization, but specifically which strategies and practices effects the outcome of the organization is not clear.

Some researches, for example, use the perspective of best practice and say that only certain practices of HRM can be used universally to most of the organization such as high performance work systems (Pfeffer, 1994; Huselid, 1995). In addition, other researchers have argued that the best HRM practices depend on the environment or business strategy (Chandler and McEvoy, 2000). It seems there is need for further inclusive theoretical work of HRM practices among the relationship, strategy and performance. As Buller and McEvoy (2012 ) reported that the link of HRM practices to business strategy is not enough. The organizations have to connect people with necessary skills and abilities towards organizational objectives due to affecting the long lasting outcome of the performance.

There are researches have been done on the impact of HRM practices in private sector and corporate organizations. According to the organizational effectiveness, the existing studies have shown that there are linkages between the outcomes of SHRM with the organizational, capital market, and financial accounting (Way & Johnson, 2005). There are some studies have shown that there is a positive cooperation between the SHRM and outcomes of organization as well as the positive cooperation among SHRM and the outcomes of financial accounting (Huselid, 1995; Ichniowski & Shaw, 1999; Batt, 2000; and Delery & Doty, 1996). According to Welbourne and Cyr (1999), there is an impact influenced by HR executives on the stock price in smaller but fast growing organizations. The IPO (initial public offering) companies which value their employees intend to survive comparing to the companies which do not value their human resource.

Thus, field of NGO management and especially HRM within the NGOs has recently been researched and there are very limited sources to rely on (O'Sullivan, 2010). When research on the issues of internal management in this sector was started, according to Fowler (1997), Carroll (1992) and Analoui (1993) it mostly focused on leadership, decision – making and communication and motivation. Therefore, the HRM strategies within the organization itself need to be researched and the study will focus on the gap of HRM strategies in INGOs.

#### **1.4 World Vision INGO**

World Vision (WV) is a humanitarian organization which operates worldwide dedicating to work with families and children, and for the communities to overcome poverty and help for their needs. World Vision is operating in around 100 countries in the world and serves and helps people regardless of their gender, race or religion (World Vision Inc, 2013). Bob Pierce, a founder of World Vision, established the organization in 1950s for the purpose of protecting the children orphaned after the Korean War. World Vision is well known as its Child Sponsorship program which finds sponsors for vulnerable children in the World Vision program operating countries. The Child Sponsorship Program started three years after World Vision established and it has been implementing since then. World Vision motivates by the mission to work towards the world where each child experiences life its fullness (Sutton-Redner, 2012). One of the essential elements of World Vision's work is advocacy which challenges to change the policies, structures, attitudes and practices towards helpless families and children. World vision advocated informed by the communities at the level of local, regional, national and global and even does lobbying at the global and international conferences to work with children (World Vision International, 2011).

The Asia Pacific region of World Vision helps to more than 1.5 billion people who live on less than USD2 per day. There are millions of children in Asia Pacific suffering from poverty and hunger, no access to qualified education and in need of protection. World Vision Asia Pacific operates in Vietnam, Thailand, Philippines, Sri Lanka,

Bangladesh, China, Cambodia, India, Laos, Indonesia, Mongolia, Afghanistan, Singapore, Hong Kong, Malaysia and Taiwan and some other countries. (WV Asia Pacific, 2013).

The first involvement of World Vision in Mongolia was in 1991 when the country faced a shortage of drugs and medicine in the hospitals to send medicines. The national office of World Vision in Mongolia opened in 1995 in the capital city of Mongolia, Ulaanbaatar after their work for *zud*<sup>2</sup> during winter in 1993. Street children were rising and it was a big issue in Mongolia since 1990. Therefore, World Vision, Mongolia started projects focused on children, juvenile justice and so on. World Vision, Mongolia heavily invested in development of infrastructure such as human development centers, water wells, kindergartens, schools, hospitals and facilities in 2004 to 2008. The food security project was implemented in 2005 to 2006.

Now in 18 years of operation in Mongolia, World Vision, Mongolia (WVM) is recognized by the government as their successful programs that have been implemented across the Mongolia and the projects implemented through more than 30 ADP (Area Development Programmes) throughout the country. World Vision, Mongolia is well known as to be a NGO which focuses on child and help for the poor in Mongolia and the programs of WVM focused on well-being of child and family, environmental improvement, healthy living, child sponsorship and economic resilience. World Vision Mongolia (WVM) is the largest non-governmental organization in Mongolia with more than 662 staff and volunteers. There are 12 World Vision Support Offices working for the development of Mongolia. World Vision, Mongolia served 1.3 million people and worked in 16 out of 21 provinces and benefited more than 275,000 children in Mongolia in 2012. Their focus is now on advocacy, development of civil society and building the capacity of partners (World Vision Mongolia, 2013).

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<sup>2</sup> Mongolian term of extremely cold and harsh winter disaster when livestock at risk.

Every five years World Vision Mongolia renews the strategy of the organization and below is the objectives of newly established National Strategy for 2013 – 2017

1. Ensure children are protected from violence and exploitation and the goal is to reach 160,000 children and 160 urban and rural districts.
  - Prevent children from becoming victims of violence and exploitation
  - Assist children who are victims of violence and exploitation
2. Pursue access to quality and child friendly education for all children and the goal is to reach 160 schools and 90,000 pupils
  - Ensure all children access and complete pre-school and primary education
  - Ensure better quality education that enhances the life skills of children and youths
3. Empower children and youth to be active and responsible citizens and the goal is to reach 61,00 youth and 160 schools
  - Children and youth adopt empowering life skills and attitudes
  - Children and youth have a voice as empowered agents within their communities.
4. Improve the health status of children and communities and the goal is to reach 31,000 children under 5 years old and 170 health clinics
  - Decrease child and mother mortality and morbidity and reduce malnutrition
  - Improve hygiene practices and increase access to improved water and sanitation

### **1.5 Research objectives**

The main objective of this study is to examine the effectiveness of Human Resources strategies in sustainability of World Vision INGO and the research is motivated to have an answer for the question of:

- What are the HRM strategies implementing in order to sustain and achieve organizational goal?

Therefore, the following objectives have been established:

1. To examine the existing HRM strategies based on the organizational objectives and strategies in the World Vision, Mongolia
2. To illustrate the challenges for implementing HRM strategies
3. To examine the factors contributing to the effective HRM strategies

### **1.6 Scope of study**

The research focuses on the effectiveness of HRM strategies and practices in World Vision INGO in Mongolia. The sample focus of the research is International Non-Governmental Organization. The unit of the analysis is the managers of the Human Resource Department and top managers of the organizations. The research will be using qualitative research approach with semi-structured in-depth interviews.

### **1.7 Limitation of the study**

The limitation of the research is, first of all, selection of the respondent geographically chosen in Mongolia. Second of all, the selections of unit of analysis who are the respondents of this research are not free from bias. That is why, the semi-structured interview questions are to reduce the bias by giving choice to go back to the interview questions and preset. In the end, the findings might be affected by other variables which are not included in research.

### **1.8 Significance of study**

This research will provide information regarding to Human Resource strategies in INGOs to employers who are the Human Resource managers in local NGOs and INGOs in purpose of pursuing better implementation of strategies in the future.