UNDERSTANDING THE PATHOLOGY OF LARGE INGOS

CONTENTS

EXECUTIVE
SUMMARY

For more than a decade there has been an increasing sense that the non-profit sector is dealing with an escalating number of serious internal institutional crises and challenges.

These serious internal institutional challenges range from sexual and racial abuse to boardroom tensions – and everything in between.

Large international non-governmental organisations (INGOs) play a critical role in the global community and therefore any threat to their efficiency and ability to properly carry out their mission must be fully understood.

This study is a small step to add to the understanding of the key factors that are contributing to this challenging internal environment. It also contains recommendations about what steps might be taken to help mitigate some of the contributing factors identified.

FINDINGS

We have been privileged to speak to some of the most senior leaders in the world of INGOs and foundations:

12 CEOs, ex CEOs, senior leaders and board members from large INGOs across the sector, and 5 funders. Their honest, frank and open responses to our semi-structured interviews have allowed us to conclude that the internal institutional state of large INGOS is in poor health.

When participants were asked whether large INGOs were in a constant state of internal institutional crisis there was less consensus, although there was the overwhelming sense that the number of crises and challenges is steadily increasing. However, when considering all interviews together there was certainly sufficient discussion of serious crises to suggest that in fact INGOs are in constant crisis mode.

In addition, the responses have allowed us to confirm 6 key contributing factors which have led to this severely debilitated internal institutional state that large INGOs are currently facing:

1. BOARDS

While some leaders recognised that their boards have been a support in moments of crisis, the majority explained that INGO boards are at best ill-equipped to help resolve challenges and at worst exacerbate the crises and can even be the source of them.

Criticism around the level of accountability that board members have - and to whom - led some participants to conclude that the role of boards in moments of crisis is limited.

Others felt that boards often lacked clarity around when to become involved in a crisis. There was the sense that boards were either (i)insufficiently involved, due to a lack of time, organisational knowledge or appetite or (ii) over-involved, which can prevent leaders from responding quickly to crisis situations resulting in the crisis becoming even more complicated.

Some participants criticised how the current board model encourages having board members with a public profile. The risk here, it was felt, is that board members can prioritise their own reputation over that of the organisation, reducing the effectiveness of boards in supporting leaders at times of internal crisis.

Finally, it was widely acknowledged that the composition of boards is key in both determining (i) how likely a board is to be useful in a crisis and (ii) how likely the board is itself to generate crises or challenges. Ensuring a plurality of voices on boards was encouraged by participants, both in terms of varied political opinions and including representatives from impacted communities. However, the inclusion or not of board members from the private sector caused some disagreement. Some participants felt that individuals with corporate experience bring unique skills when dealing with institutional crises. Others fully disagreed and felt that such individuals encourage, for example, competitiveness between organisations, which only adds to the crises that the sector is facing. A careful balance needs to be ensured, with individuals ideally having a mix of private, public and non-profit experience.

1. Board: Continuation

MAIN RECOMMENDATIONS

Board chairs:

✓ Review performance of board members regularly, including external board reviews.

✓ Ensure plurality of voices on the board – variety of political voices; private, public and non-profit experience; affected communities; race and gender.

✓ Maintain focus on the board's primary role in hiring of CEO, reviewing performance and managing transition.

CEOs:

✓ Actively foster good relations with the board chair and members.

Academia:

✓ Undertake research to develop alternative governance models.

✓ Undertake research to develop alternative accountability mechanisms.

2. LEADERSHIP

The majority of participants felt that they were not fully prepared for their role as CEO. In addition, there was an overriding sense that it is difficult to identify strong candidates for CEO roles of INGOs. These factors undoubtedly contribute to the challenging internal environment INGOs are facing. Participants identified two areas in which leaders are often lacking, and which can contribute to or even be the cause of the crises and challenges currently being faced.

Firstly, a lack of effective decision-making can cause considerable friction within an organisation – particularly around sensitive areas pertaining to race and gender, which are increasingly polemic issues in the Global North.

And secondly, several participants noted that a leader's attention to organisational culture is key. Failure to pay sufficient attention to this can result in serious crises for an organisation – this is often the case when CEO transitions are poorly managed when an incoming CEO rushes to make changes without fully understanding the culture of an organisation.

It was also acknowledged that traditional forms of leadership are being challenged by more modern and progressive forces – and that this is an increasing area of internal institutional tension. Participants identified two ways that this is manifested.

Firstly, several participants suggested that traditional Global North leadership characteristics are increasingly being challenged. Secondly, some participants questioned how far some of the challenges and crises are as a result of ineffective male leadership, which continues to be seen as the "leadership ideal". One participant felt that while INGOs are beginning to acknowledge this and are no longer quite so forgiving, some funders continue to support these individuals offering them "safe harbour".

2. Leadership continuation

MAIN RECOMMENDATIONS

Board chairs:

✓ Hold regular all round (360) performance reviews with CEO; take decisive action when reviews are poor.

✓ Appoint servant-leader CEOs who have exceptional management and leadership experience and have high sense of self-awareness and appreciation of diversity.

✓ Encourage traditional CEOs to develop necessary skills to enable them to deal with challenges to traditional leadership and lead cross generational global teams.

CEOs:

✓ Establish suitable programmes to identify and prepare future generations of INGO leaders.

✓ Be informed by internal discussions on contentious issues but strike a balance between devolving too much power on the issues and reacting defensively.

✓ Ensure sufficient fluency on race, gender and other diversity, equity and inclusion (DEI) issues to be able to engage with employee demands on these issues.

Academia:

✓ Undertake research to show whether more progressive leaders are better equipped to deal with the kinds of internal crises INGOs are facing.

Funders:

✓ Offer funding for, and help to establish, cross-sector career development programmes to develop the next generation of INGO leaders.

✓ Help identify and support exceptional Global South leaders.

3. ORGANISATIONAL STRUCTURE

It was widely felt that the overtly complicated organisational structures of large INGOs only serves to further exacerbate challenges and crises when they arise.

Decision-making is often painfully slow and complex. Additionally, there can be the tendency that no one fully takes responsibility for a specific challenge or crisis.

The decentralisation process that several large INGOs have undertaken has also created its own set of crises and challenges, many of which have not been resolved. Serious tensions were reported around resource competition and break down in trust between different geographic entities.

MAIN RECOMMENDATIONS

Board chairs:
✓ Engender culture of trust between different organisational entities, by encouraging transparency between them.

✓ Consider revised organisational structures that avoid patriarchy, power and resource imbalance.

CEOs:
✓ Map different sources of power within organisation and develop ways of alignment.

Academia:
✓ Research which large INGOs have structures that function well and publish best practice examples.

Funders:
✓ Provide support for organisations to redesign nimble and agile organisational structures that are effective.

4. STRUCTURAL RACISM AND NEO-COLONIALISM

There was an overwhelming sense that the localisation agenda has not gone far enough and that the Global North still largely holds the majority of funding, power and decision-making.

This has led to resentment over neo-colonialism within the sector, with various examples given that demonstrate how neo-colonial power dynamics are common place.

It is unsurprising therefore that the question of structural racism, and how it is dealt with, is central to many of the challenges and crises that are playing out across various INGOs. Examples of explicit racism, even involving some of the leaders we spoke to, were given.

The call to action following the death of George Floyd led to a considerable amount of introspection within large INGOs – particularly those based in the Global North – about how their own internal structures are preserving racial injustice. It was noted that for social justice organisations, this is a particularly painful process since many employees had felt they were working for organisations which were "doing good", yet in reality were part of the wider problem. This realisation can cause considerable friction within an organisation as employees look to CEOs for meaningful change and can be the source of major internal challenges and crises.

The way in which CEOs choose to address structural racism has also been at the centre of many of the internal challenges INGOs have faced.

It was noted that many INGO leaders feel (or are) ill-equipped to deal with the issue – sometimes owing to the fact they are white male and consequently mishandle the situation. This serves to heighten an already existing tense internal environment.

Several participants suggested that issues around race (and indeed gender) tend to be driven by Northern INGO employees, with employees based in the Global South having other concerns in relation to DEI – for example caste discrimination.

4. Structural racism and neo-colonialism: Continuation

Other participants suggested that the whole issue of DEI has been hijacked by extreme left-wing activists within organisations. These participants argued that this is creating a devastating climate within organisations where other groups are now penalised and leadership has been silenced by authoritarian smear tactics. A number of other participants however, contested this point of view.

While there are certainly increasingly loud voices on these issues, this only serves to underline the importance of finding sufficiently strong leadership to ensure that such individuals can feel heard while overall decision-making authority is retained by the leadership team.

MAIN RECOMMENDATIONS

Board chairs:

✓ Be sensitive to, and work to remedy, neo-colonial mentalities of organisational entities in the North; ensure voting powers (where applicable) do not reinforce neo-colonial power imbalances.

✓ When dealing with racism allegations, ensure due process of all parties is respected.

CEOs:

✓ Participate in cross-sector decolonisation efforts.

✓ White CEOs should seek non-white mentors who can offer advice on anti-racism efforts.

✓ Set clear boundaries over the organisation's expectations in relation to anti-racism efforts. Ensure potential new hires are onboard with the organisation's approach.

Academia:

✓ Research – and if needed develop – preventative tools on anti-racism based on dialogue and trust.

Funders:

✓ Fund mentorship and development programmes for Global South and black leaders.

5. EMPLOYEE ACTIVISTS – THREAT OR OPPORTUNITY?

Numerous participants discussed how they perceive that it is an employee profile – specific to INGOs – that is driving many of the internal crises and challenges. Employees with this profile, some participants argued, see their outlook as "pure" and are often unwilling to enter into dialogue with people who have a different view. Consequently, this can be the source of considerable tension and challenges within organisations.

Furthermore, some participants argued that these individuals have internalised certain belief systems such as "do no harm" or "safetyism". This can make it impossible for leaders to introduce any form of transformational change process. Participants argued that this is because this type of employee is unable to balance what is in the best interests for the organisation as a whole and

instead only focuses on the negative impacts of such processes.

However, some leaders suggested this was not something to be threatened by but rather learn from and enter into dialogue with. Moreover, they suggested these tensions are more the result of other factors.

For example, the current orthodox, traditional leadership is feeling threatened by this progressive, modern group and consequently tries to stifle their voice.

This in turn creates a huge amount of friction between the leadership and the wider group of employees.

In addition, powerful Northern trade unions ensure strong protection for employees in the US and Europe whereas employees in the South have much less independent negotiating power.

MAIN RECOMMENDATIONS
CEOs:
✓ Invest fully in people functions – but ensure an INGO lens is used (rather than private sector).
✓ Encourage and build culture where tolerance of disagreement is embraced.
Academia:
✓ Undertake research on how mission driven organisations can attract individuals that recognise the importance of organisational hierarchy.
✓ Undertake research on alternative methods of employee engagement in the context of large INGOs.
Funders:
✓ Provide necessary support so organisations have resources to invest in best practice HR advice, including dedicated people functions.

6. FUNDING MODEL

Participants were clear that there is a funding crisis within the sector. Some pointed towards the reduction in foreign aid, while others saw the rise of direct giving (disintermediation) as a reason to be concerned – although there is insufficient data on this to understand whether this is truly a reason for concern.

Some leaders though felt liberated now that the focus on year-on-year financial growth appears to be slowing. It was also pointed out, however, that this brings about its own challenges. Growth, it was argued, often enables leaders to avoid a number of the challenges that result in stagnant or negative growth - such as restructuring and difficult decisions around resource allocation.

Finally, some participants suggested that funders are partly responsible for some of the crises large INGOs are facing

internally. For example, some felt that funders place a considerable amount of pressure on grantees to imitate their DEI approaches when this is not always realistic or possible. **And when** **crises do occur, it was suggested that funders could be more supportive to their grantees and help them out of the crisis, rather than thinking about their own reputation.**

MAIN RECOMMENDATIONS

Funders:

✓ Support grantees in moments of crisis, rather than viewing them with suspicion.

✓ Design more calls for proposals which require true collaboration between INGOs.

CONCLUSION

It is hoped that this study will be a call to action for leaders, boards, academics and funders to come together collectively to explore, in greater detail, the issues raised and how they might be resolved.

One of the perplexing factors is that none of these causes or solutions are unfamiliar to the leaders in the sector. Yet, not enough preemptive action is being taken. Whilst it might be true that as individual large organisations, there is no example of large INGOs facing an existential crisis in the global North - either in terms of crippling income loss or regulatory action - they cannot take this for granted in the future. Given the new information order, the moral hazard factor puts the entire sector at risk as the sector is only as strong as its weakest link.

INTRODUCTION

Introduction

For more than a decade, international non-governmental organisations (INGOs) have been struggling with serious internal institutional challenges.

The rapid fire of very public scandals in 2018 and 2019 about the inner workings of various INGOs shook the international non-profit sector to its core – and illustrated, very publicly, the challenges that are being dealt with.

While the newspaper headlines may have dried up, the sense of angst, frustration and outrage amongst those that work within the sector has not. These feelings have been stoked by a unique moment in world history. The devastating effects of a global pandemic. Long overdue calls for racial justice following the death of George Floyd. Cost of living at an all-time high. War in Ukraine. As anti-democratic regimes gain ascendancy in almost every part of the world, INGOs calling for accountability are often their first target.

Those working within the sector report a never-ending saga of problems relating to the internal, institutional well-being of large INGOs.

Some of these challenges have been reported by the media and have been widely circulated within the non-profit sector.[1] At the tip of the iceberg is the high turnover of CEOs (mostly involuntary). But there are also other symptoms such as board-CEO conflicts, constant restructuring of these organisations and employee surveys revealing low morale and "toxic culture". Some of this could be ascribed to the questioning of the relevance of INGOs by Global South actors (by some governments and civil society) at a time when both political and economic systems have failed the poor and the locus of power of these organisations remains mainly in the Global North. But there is no shying away from the fact that there is a clear pattern of serious and consistent management and governance deficits, which is the focus of this study.

1. See for example:

1. https://theintercept.com/2022/06/13/progressive-organizing-infighting-callout-culture/ and

2. https://forgeorganizing.org/article/building-resilient-organizations

These organisations play an essential role in the global community – whether by delivering critical humanitarian services in emergency situations, defending human rights for the most vulnerable populations or contributing to improved governance by undertaking crucial advocacy work at the national and international levels. Therefore, these organisations, and the struggles they face, cannot be disregarded. They are too important to ignore, particularly at this moment.

To help respond to this, various important initiatives are already underway to rethink the way INGOs function on a systemic level and how the INGO ecosystem can be reimagined to ensure their relevance in the future.[2] These initiatives are critically important. However, it is also crucial that we understand the root cause of these internal, institutional dilemmas. This study is a small step towards that goal and asks the questions:

Are our INGOs permanently in internal crisis mode, and if so, why?

Crucially, the study also explores what steps can be taken - in the very short term - to combat the problems that emerged during the study.

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2. Two examples include:

1. The Ringo Project, a systems change initiative that seeks to transform global civil society to respond to today's challenges. In partnership with systems change experts Reos, it is convening a unique 'Social Lab' of global innovators who represent 'the system' of INGOs (including southern partners, funders and INGO leaders) and

2. International NGOs and the Long Humanitarian Century, a major research programme, supported by Nuffield College at the University of Oxford, which is working with international INGOs to reassess their purpose, the values that they are built on, the basis of their legitimacy, and the future leadership they will need if they are to remain relevant and stay effective in serving the people who they aim to help.

METHODOLOGY

Semi-structured interviews, lasting approximately one hour each, were conducted with 17 highly experienced individuals – some of the top leaders in the world of international NGOs and foundations. To help structure the interviews, the following 6 potential key contributing factors were identified in the preparation phase and participants were invited to comment on each of these during the course of the interviews:

1. Boards

2. Leadership

3. Organisational design

4. Employee profile

5. Structural racism, patriarchy and neo-colonialism

6. Funding models

Participants were all asked to offer any other factors which they considered were also contributing to the internal tensions within large INGOs.

Of the 17 participants, 12 are CEOs, ex CEOs, senior leaders or board members from large INGOs across the sector. Combined these individuals have direct board or management experience in at least 12 INGOs with annual revenues of between £10 million and £2.5 billion. A further 5 participants represented philanthropic funders with annual investments of between $65m to over $1 billion. Only one of the large INGOs represented is entirely based in the Global South. In terms of demographics of those interviewed, 47% of the participants are from the Global North and 53% from the Global South. 53% are non-white (47% are white), while 29% are women and 71% are men.

To ensure that participants felt comfortable to give open and frank answers, the study anonymises both the names of participants and the organisations which they currently represent or wher e they have previously worked.

It was a privilege to hear the honest answers to the questions posed and the authors are grateful to the participants for their time and the consideration with which they responded.

UNDERSTANDING
THE BIG PICTURE

To build a proper picture of what our group of leaders felt about the internal institutional state of the INGOs, we asked them to describe the current status quo.

The responses were overwhelmingly negative. One participant described the internal state of INGOs as "dysfunctional, riven by drama, petty conflicts and controversies, operating at far, far below their potential to achieve their various missions". The same individual went on to describe how the internal dysfunction which has been at a "chronic level" for some time, has "escalated into an acute level of dysfunction very recently".

Another described the internal institutional state of INGOs as "tumultuous, riven with questions about legitimacy of INGOs in general, legitimacy of leaders of INGOs". This participant recognised that while on the one hand such questions are "useful and necessary", they are also "diverting and damaging to INGOs' capacity to actually make an impact in the world".

One participant described how the sector is "in a moment of transition and transition moments are always agonising and incredibly difficult, because the people who have prospered in the old way of doing things are incredibly nervous about what a new world means for them, their power and status".

Another participant described how "everybody is more defensive" and that consequently there is a constant "preoccupation with internal" issues.

A CONSTANT CHALLENGE?

In order to understand how much consensus there was amongst the 17 participants regarding the frequency with which internal crises appear, we asked each participant the question:

"Would you describe INGOs as constantly dealing with internal crises?"

The responses to this question were more varied than we anticipated. Some certainly agreed, one describing how the "dysfunction is so widespread", and another that the "development sector is always in a perennial crisis". Another concluded that **"the new reality [for] organisations like ours [is] to go from one crisis to another".**

Others questioned whether "crisis" was too strong a word. For the purposes of the interviews, we defined crisis as an "unforeseen event that poses a significant threat to the mission, reputation or funding of the organisation. It requires senior leadership to focus considerable time and effort to resolve, often involving difficult decisions". Everyone however agreed that the level of internal challenges is considerable, with many challenges also eventually reaching crisis point.

With regards to the frequency of the crises or challenges, not all participants felt that INGOs were constantly dealing with internal crises. There was though the overwhelming sense from the group that the sector is facing unprecedented internal challenges or crises, which are presenting themselves with increasing frequency.

In answering the question, many participants quickly made reference to the volatile global situation over the past decade such as the climate crisis, rise of authoritarianism, increased populism, stresses on the global economy, coronavirus, and the emergence of social movements such as Black Lives Matter and Me Too.

There was consensus that this external global volatility is reflected internally within large INGOs. Consequently, this has had an enormous impact on the kinds of internal challenges and crises that the CEOs of these organisations are facing.

Another CEO described how many INGO leaders are "spending a lot of their time and energy trying to deal with challenges which are of course connected with developments in the wider world but quite often catalyse big, very engrossing and sometimes quite destructive discussions internally about... purpose, legitimacy and almost the right of the organisation to exist and do its work". Another participant described the current state as "labour pains" reflecting how "so much has been happening in our context, we are trying to adjust to it, to give birth to a new thing".

As well as the role of geopolitical volatility in contributing to internal tensions, many respondents referred to how the ongoing existential debate – about the role of INGOs in today's world – also contributes to the internal challenges and crises that we are seeing reported.

One respondent described how "there are a series of interrelated existential challenges that are heating up at the same time...that are hitting us as a group within broader civil society" and consequently causing a specific set of internal challenges or crises. This participant pointed to three existential challenges, all of which are further explored later in this study – questions and doubts around the current business model of many large INGOs; the debate around the power shift from the Global North to the Global South; and the often tense debates – largely (although not exclusively) in the Global North – around issues relating to race and gender.

These external, political trends - when combined with the serious and consistent management and governance deficits that large INGOs are facing - leave the internal institutional state of INGOs in a very unhealthy place.

With the external geopolitical trends beyond our control, we must seek to address the internal, technical frailties of these organisations. This study aims to help understand the root cause of these internal, institutional frailties, as well as provide recommendations as to how they might be addressed.
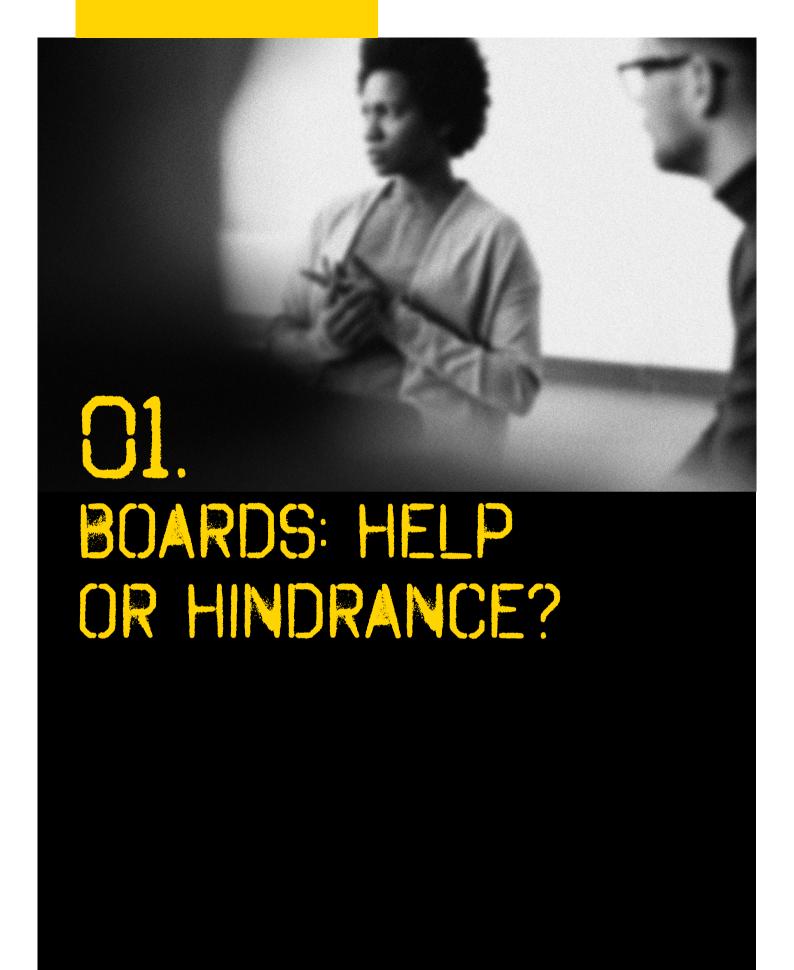
WHAT KINDS OF CHALLENGES AND CRISES?

We wanted to understand the kinds of crises and challenges that the group of leaders we spoke to have experienced.

Therefore, we asked them to list both those which they had direct experience of and also those which they had heard about indirectly, through their network.

The following crises and challenges were mentioned during the course of the interviews, some of which were public, others which were handled internally:

- Formal racism allegations towards CEOs

- Serious racial tensions within the organisations

- Serious unexpected financial shortfalls due to internal errors

- Allegations of toxic work place culture

- Financial insecurity due to the global economy and / or funder shifts in strategy

- Leaking of information to journalists and social media sites leading to reputational crises

- Sexual harassment allegations

- Sexual abuse allegations

- Unexpected departures of CEOs

- Unexpected departures of board chair or key board members

- Trust break down between different entities within the same organisation

- Significant tensions between CEO and board

- Difficulties during CEO transition

01.

BOARDS: HELP OR HINDRANCE?

There was widespread consensus that the conventional model of large INGO boards was problematic, with this issue manifesting itself particularly strongly at times of crisis.

It was widely felt that boards are "part of the problem" with one participant explaining that given "we are dealing with highly dysfunctional organisations… the fact you have dysfunctional boards is not surprising". There was a sense from several participants that many boards lack clarity of purpose in terms of their goals and expected outcomes. This in itself contributes to internal challenges. Several participants questioned whether the orthodox board model for large INGOs should be reimagined. One described how **"we've kind of out-grown the volunteer trustee setup"**.

Other participants had a slightly more nuanced view with one describing, for example, how **"boards are part of the problem and part of the solution". Another agreed – "the board mechanism, as we currently think of it, is maybe the least bad setup that one can have"**.

ACCOUNTABILITY TO WHOM?

An INGO board should provide "over-sight and accountability",[3] and as such help mitigate challenges and crises within an organisation.

While many participants commented that boards play an important role in acting as an accountability mechanism with regard the CEO, a number of respondents pointed out that the boards themselves are often "not very accountable".

One participant suggested this was because board members "have no skin in the game".

Several participants argued that one way of increasing accountability is to have representatives of impacted communities on the boards of large INGOs and "people who deeply, deeply understand the communities you're serving and working with …".

This sense that board members are not particularly accountable led some participants to conclude that boards are limited in how far they can assist the leadership of an organisation deal with internal crises and challenges.

3 https://boardsource.org/fundamental-topics-of-nonprofit-board-service/nonprofit-board-responsibilities/

UNDERSTANDING WHEN TO STEP IN

One of the major issues identified during the interviews as to why boards can become "the biggest obstacle" for leaders in moments of crisis, is that very often there is not always "a clear separation of roles between management and governance".

This lack of clarity often becomes even more exacerbated and blurred at times of crisis.

One respondent argued that the board's "main goal is to be guardrails" of the organisation, and to hold the CEO accountable and be responsible for new CEO appointments. Board members, the respondent argued, "should focus on the top level" and "not get down in the muck" of the rest of the organisation. Another respondent agreed saying "management should have a lot more authority…and not get bogged down by what the board feels because the board is quite far removed from the reality…and can cause unnecessary complexity".

However, a number of respondents argued that board members can become too involved at moments of crisis - "it's often in crises and periods of problems that [boards] become over engaged, which is often the period where you least want governance by

committee, when you most need to be nimble and flexible…for your senior leadership to be able to make quick decisions". This, it was felt, can result in organisations being "over governed and under managed".

It was also widely discussed how the traditional model of INGO governance - a volunteer board of busy individuals, which meets – at best – three to four times per year – means that boards are simply not engaged enough to support leadership through a crisis.

Many participants pointed out that there is usually an asymmetry between the knowledge of the organisation the board has versus the senior leadership team. This makes it impossible for board members to have sufficient understanding or oversight of the organisation to take proper, well-informed decisions in an appropriate time frame. This can be particularly challenging at moments of crisis, which require quick decision making. In addition, crisis management often demands a greater workload for board members – and often members of traditional INGO boards simply do not have the capacity for this as they are fully occupied outside their board role.

REPUTATIONS AT STAKE

The traditional governance paradigm for large INGOs argues that board members with a public profile will fulfil their roles diligently because their reputations are at stake.

However, participants reported how the reputation of individual board members can become intertwined with the crisis at hand, further complicating an already difficult situation. This is particularly the case for those INGOs with board members who have a public profile, either as an individual or representing a major donor.

Examples were given where board members in fact prioritised their own reputations over the good of the organisation – and took decisions to ensure that their own reputations were not damaged, rather than thinking in the best interests of the organisations they were serving.

Consequently, one respondent argued, it becomes easy to compromise non-profits, by compromising the reputation of a board member. One example was given where the anxiety of board members to protect their own reputations eventually led to the collapse of an entire organisation.

BOARD COMPOSITION

Many respondents noted the importance of the composition of boards as being a determining factor in how supportive – or not – they are at times of crisis. **One participant went as far as to say that the tension between management and governance is often a key driver of crises within the sector.**

One CEO was able to list various situations where a board with one composition was quite unsupportive during a series of crises, which meant "the relationship [between CEO and board] was quite seriously tested". However, following a change in board membership, the board became "a real asset and support" in more recent moments of crisis.

When appointing new board members, it is therefore important to consider how well these individual personalities will work together on the board and, crucially, with the CEO.

Participants from organisations whose boards were well-functioning

Board composition: Continuation

described how the board offered them considerable support. One described how he sees "the board and the board chair" as "support structures" and that the chair is "hugely important" offering "assurance and support" during various challenges that occurred.

Another consideration around board composition, which several participants highlighted, is the importance of plurality of voices at board level. One well-functioning board referred to during the interviews had "a number of different philosophies from progressive West Coast [United States] to more libertarian perspectives". This meant that "they've been able to focus on cause and mission so we haven't been torn apart in a way that some organisations have".

This idea of not allowing boards to be echo chambers, was highlighted by another participant who explained how "we're missing the whole wisdom of conservative wisdom. A lot of the dysfunction we are viewing in these organisations could be solved by the inclusion of perspectival diversity". Another participant noted that if boards are perceived as being too conservative however, this can generate considerable tension from staff who tend to be more progressive.

While some participants argued that the number of board seats held by women was important, others disagreed. Rather, the focus, one argued, should be on whether the women that are appointed apply feminist leadership principles which are more likely to be successful in mitigating crises and challenges.

Finally, there was considerable debate around how valuable it is for board members to have private sector experience. Some participants argued it was very important, recognising that many large INGOs have a brand recognition and annual revenues comparable to some of the largest private sector companies. One CEO suggested that the internal challenges that these companies have faced and how their leadership has managed them can be a learning experience for large INGOs and can help steer INGO leaders around the issue. However, there was little consensus on this issue with some participants arguing vehemently against "importing wholesale the techniques and culture of management from the corporate sector". **There was however greater consensus on the importance of having board members with a mix of public, private and non-profit experience.**

BOARDS – SUMMARY AND RECOMMENDATIONS

The issues identified by participants in relation to boards are well known within the sector. Despite this, it is unclear why there has been little attempt to address them. There is therefore an urgency to understand why this is the case and also how these issues can be addressed – failure to so will only lead to further tensions within INGOs.

BOARDS		
ISSUES IDENTIFIED	**MANIFESTATIONS**	**RECOMMENDATIONS**
Limitations of volunteer boards	• Knowledge and information asymmetry between board and senior leadership • Board members unwilling/unable to devote sufficient time to role • Reputation of individual board members can become focus	**Board chairs:** ✓ When recruiting new board members, ensure candidates have sufficient time to dedicate to their role and are aware that the reputation of the organisation takes precedence over individual reputations. ✓ Review performance of board members regularly to ensure each board member is fulfilling his/her responsibilities and take action where board members are under performing. ✓ Organise external, periodic board reviews to highlight areas for improvement. **CEOs:** ✓ Ensure that information provided to boards provides sufficient detail about the organisation but in a sufficiently digestible manner. **Academia:** ✓ Undertake research into alternative governance structures to volunteer boards. ✓ Publish best practice examples of volunteer boards that are functioning well.
Lack of accountability	• Board members not sufficiently engaged • Culture of impunity throughout organisation	**Board chairs:** ✓ Include qualified board members with real knowledge of affected communities. **Academia:** ✓ Undertake research around innovative accountability mechanisms which boards can follow.
Ambiguity of board role	• Over or under reach of board in general but especially at times of crisis	**Board chairs:** ✓ Ensure sufficient clarity between governance and management responsibilities. ✓ Recognise that the most crucial task of the board is the hiring of the CEO - ensure any outsourcing of this to recruitment consultants is carefully managed. ✓ Ensure regular and thorough CEO performance reviews are undertaken. **CEO and board chair:** ✓ Engage proactively with each other to ensure expectations around involvement in crisis management is clear.

Boards – summary and recommendations: Continuation

BOARDS		
ISSUES IDENTIFIED	**MANIFESTATIONS**	**RECOMMENDATIONS**
Incorrect composition of board	• Divergence between board and rest of organisation • Boards become echo chambers • Tensions between CEO and board	**Board chairs:** ✓ Strive to have diversity on boards in every sense, including individuals that represent a variety of political views. ✓ Carefully consider how well different personalities will work together. ✓ Ensure a mix of public, private sector and NGO experience when appointing new board members. **CEO and board chair:** ✓ Actively develop and foster the relationship between chair and CEO and other board members.

02.
LEADERSHIP STRUGGLES

As one participant summarised "leadership capabilities, approach and competence are critical pieces of the puzzle" when considering why large INGOs are experiencing increased internal challenges and crises.

PREPAREDNESS

All participants were asked how prepared they felt when assuming the role of CEO or senior leader. With only two exceptions, all responded that they could have been better prepared.

A clear pattern emerged that the "people who are taking on a CEO or ED type role for the first time are not prepared for what it really entails". Many CEOs are often starting the position "without prior experience of the same thing…without any recognisable sort of management experience". As one interviewee described, it is often like "appointing a corner shop owner to be the CEO of Tescos" (a large British grocery chain).

Indeed, a number of participants noted how some CEOs had been appointed on the basis of a strong track record as a campaigner or orator, but with no significant management or leadership experience. This can result in disastrous consequences once the individual becomes the CEO and is faced with dealing with the kinds of challenges and crises referred to in the introduction.

FINDING THE RIGHT CANDIDATE

In order to understand why such a sense of unpreparedness exists, we explored how CEOs were identified.

A number of discussions centred around whether internal or external hires are more successful, with research on the issue (in relation to the corporate sector) inconclusive.[4]

Within the group of leaders interviewed, some agreed that "the best way to grow CEO level leadership is from within". However, a number of participants

4 https://www.gsb.stanford.edu/sites/default/files/publication-pdf/cgri-research-spotlight-08-internal-versus-external-ceos.pdf

reported how difficult it is to find the right calibre of leader within their own organisations.

One explanation for this was that "it can be a difficult transition for people to move from being campaigners to managers of teams or a director level position…because they have to give up quite a lot of the things which perhaps gave them their particular buzz…and high level of respect." **Consequently, this makes it "hard for the organisation to cultivate and support a cadre of leaders who are willing to take the difficult decisions that leadership involves".**

Another respondent agreed that finding internal talent was not easy, describing how "we lacked the leaders that were CEO level, which you could put in charge of a really big complex challenge and then would deliver on it". This participant concluded this was because "there's been a dearth of leadership and management skills training, and that's part of the chronic problem…the non-profit sector has been allergic to leadership training" .

When considering recruiting externally, some suggested that candidates with private sector experience can bring certain advantages, especially in crisis management. Others, however, noted how CEOs with a private sector background can often lack the necessary INGO mindset and consequently generate considerable tension.

Finally, it was recognised that "managing the transition of the CEO… is a big gap" and contributes to many of the crises and challenges the sector is seeing. Another commented that there is no one on the boards of INGOs that has "the time or level of commitment to line manage" a new CEO effectively – which corresponds to the wider issue of boards not having sufficient time to dedicate to their responsibilities more generally (see chapter Boards: help or hindrance?).

During the interviews three particular leadership issues were cited, by various participants, which were the cause of many of the internal challenges and crises INGOs are facing:

(i) Effective decision making

A key competency required for successful crisis management is **effective decision making. In the interviews, a number of participants discussed how effective decision-making is particularly difficult within INGOs** – and

how this has a direct correlation with many of the crises that we heard about.

One respondent described how "I've seen a lot of INGO leaders operate out of fear. And they are not fully aligned with the decision, but they do it because they think this is the best way to minimise damage...I think have that courage to stand up to take those decisions when a crisis happens, rather than being guided by what will happen in the media".

Another described how, when faced with a crisis, "it is easy for a leader that is not secure, to just make decisions", without carefully assessing the issue at hand. This tendency can be particularly difficult for CEOs who have been promoted to leadership positions exactly because of their willingness to take hard decisions. Instead, the participant explained that INGO leaders must be more confident on contentious issues and to "open up a process and a discussion internally, while making it clear that ultimately, these decisions are for the leadership team...informed by rich discussions across the organisation".

Several participants explained how INGO leaders found it particularly hard to manage their decision-making in relation to race and gender issues. In particular, it was noted that white male leaders struggle and have the tendency to "be thrown on the defensive" and "surrender power" in a way that the leader would not usually react with other institutional issues. Consequently, the CEO can lose control of the situation rather than "managing that push and pull". Various examples were given where this had resulted in situations spiralling out of control.

(ii) Attention to organisational culture

The importance of organisational culture – and the level of attention an INGO leader must give to it in order to avoid crises came across very strongly.[5]

Several participants described how the root cause of various crises were because of (an often incoming) CEO failing to be sufficiently attentive to the culture of the organisation that they were leading.

The politics and history of the organisation were both cited as critical elements that a new leader must fully understand in order to get a grasp on the culture of the INGO, before taking any significant strategic decisions.

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5 Organisational culture can be defined as the set of shared beliefs, expectations, language, customs, habits and attitudes of the employees of an organisation.

(iii) New forms of leadership and management style

Some participants discussed how many of the crises we are seeing are the result of a tension between new and old leadership styles.

Several participants discussed how a traditional Global North approach to leadership is increasingly being met with resistance within large INGOs. It was felt that such a style of leadership is more "authoritative" and often ignores the "melting pot of cultures" that exist in large INGOs. When this is not "managed well, it boils over" and can lead to serious internal challenges.

Another described how "there's an ongoing sense that some people don't carry their power appropriately or safely". This, the participant suggested, is very hard to diagnose but can be very harmful and create real panic within the organisation. This can cause considerable tensions within the organisation and lead to various challenges and crises.

One participant also described how "there's a lot of deeply conservative non-profit boards, and therefore a lot of deeply conservative non-profit leadership". This means that there is a lack of incentivisation to develop leadership capabilities that are relevant for dealing with modern leadership challenges. Instead, the current focus, the participant argued, is on managing organisations as opposed to truly leading them.

The participant felt that this **conservative style of leadership often lacks a considerable amount of the "ideological and conceptual fluency"** that is required to meet some of the challenges that are emerging from the peripheries of organisations – for example, around race and gender. Consequently, "where some moment of crisis or rupture has occurred, [many traditional leaders] don't feel they have the experience or expertise or even language to navigate what has happened". This makes the leader entirely incapable of dealing with the problem and the tendency is for the situation to escalate. It was suggested by one leader that the mandatory inclusion of self-reflection trainings around gender and race would assist leaders – and the wider sector – in becoming more adept at dealing with these issues.

GENDER AND LEADERSHIP

Several participants discussed how the increased inclusion of feminist leadership principles would help to resolve many of the tensions we are seeing in the sector. **It was argued that this style of leadership is "more collaborative" and INGOs "will only thrive based on a highly flexible collaborative leadership, where you build trusting relationships with one another".**

However, it was felt that the importance of such principles is not acknowledged in the current eco-system – something that one participant felt was "profoundly gendered". One participant said that women leaders "are coming in and really trying to build inclusive, collaborative, trust-based, highly relational ways of working" but this is "deemed by many of the guys as too soft".

One participant felt strongly that some of the crises the sector is facing are a consequence of the "leeway that is given and the fast track" that some male leaders have been put on. The same leader went on to describe how there are various examples of where male leaders have been unsuccessful and left an organisation, only to find new leadership positions elsewhere. This is a result, it was argued, of an internalised default concept of male leadership,[6] which means boards are "willing to give people who fit the mould of default leader endless chances". It was acknowledged however, that INGOs are becoming more aware of this and consequently are "inviting those people to have some time away".

This leader suggested that some funders however are reinforcing the concept of "default male leader", despite becoming increasingly adept at discussing how a "feminist revolution" has taken place within philanthropy. This is because, the participant argued, although an increasing number of women's rights groups are finding funding, some funders are offering "safe harbours" to male leaders who have left INGOs following poor management, and are given roles within the funder. The participant was careful to point out this was not a conscious decision, but rather a result of how internalised the concept of traditional male leadership still is.

6 https://hbr.org/2022/10/rooting-out-the-masculine-defaults-in-your-workplace

LEADERSHIP – SUMMARY AND RECOMMENDATIONS

Finding effective leaders of large INGOs is one of the greatest challenges the sector is facing. Therefore, boards, existing CEOs and funders must come together to a) ensure that those CEOs currently in position are supported as best as possible and any leadership or management gaps are filled and b) help prepare a new generation of leaders who are able to respond to the increasing challenges the sector is facing.

LEADERSHIP		
ISSUES IDENTIFIED	**MANIFESTATIONS**	**RECOMMENDATIONS**
Leaders lack sufficient leadership and management experience	• Poor decision making, especially on contentious issues • Lack of attention to organisational culture	**Board chairs:** ✓ Appoing servant leader CEOs with exceptional management and leadership experience and who have a high sense of self-awareness and appreciation of diversity. ✓ Ensure culture of organisation is clear to potential new CEOs. ✓ Ensure there is a mechanism and point person in place to help support the transition of new CEOs. ✓ Consider the importance of cultural awareness in selecting new CEOs. ✓ Hold regular all round (360) performance reviews with CEO including around how accountable CEO is to organisation's values and culture. Take decisive action when reviews are poor. **CEOs:** ✓ Invest time in understanding the organisation, its processes and culture at beginning of term. ✓ Seek mentorships and peer learning throughout career. ✓ Establish suitable programmes to identify and prepare future generations of INGO leaders. ✓ Be informed by internal discussions on contentious issues but strike a balance between devolving too much power on the issues and reacting defensively. **Academia:** ✓ Research into whether internal or external CEO hires have higher levels of success within INGOs. **Funders:** ✓ Offer funding to support senior leaders in cultural awareness and unconscious bias training. ✓ Offer funding for career development programmes to develop next generation of INGO leaders. Consider cross sector approach – where several INGOs and funders offer placements. ✓ Strengthen CEO networks and mentorship programmes where experience and best practice can be shared.
Challenges to traditional leadership style	• Significant tensions between employees and traditional leaders/boards • Global North leaders meeting with increasing resistance	**Board chairs:** ✓ Be open to non-traditional CEO leadership styles. ✓ Encourage traditional CEOs to develop necessary skills to enable them to adapt and engage positively with challenges to traditional leadership lead cross generational global teams.

Leadership – summary and recommendations: Continuation

LEADERSHIP		
ISSUES IDENTIFIED	**MANIFESTATIONS**	**RECOMMENDATIONS**
		CEO: ✓ Seek robust 360 feedback to better understand limitations of traditional leadership and consider how to adapt style accordingly. ✓ Seek self-reflection processes (e.g. unconscious bias training) and engage in literature on race, gender and other DEI issues to ensure sufficient fluency on these topics to engage with employee demands. ✓ Be aware of the power that the role of CEO holds and how to exercise it. **Academia:** ✓ Research into which leadership styles in INGO contexts are most successful. **Funders:** ✓ Help identify and support exceptional Global South leaders.
Inequalities around gender & leadership	• Resentment around persistent inequalities • Women leaders experiencing sexism particularly in relation to leadership style • Default concept of male leadership valued even when shown to be ineffective	**Board chairs:** ✓ Work to remove biases on board around default concept of male leadership and ensure male leaders are fully held to account. ✓ Acknowledge and reward CEOs that demonstrate feminist leadership principles. **CEO:** ✓ Be familiar with feminist leadership principles and consider how they can be applied to mitigate crisis situations **Academia:** ✓ Research case studies on feminist leadership principles in INGO contexts to show how truly effective they are. **Funders:** ✓ Ensure ineffective INGO leaders are not given "safe harbours" within funders due to a default concept of male leader.

03.
COMPLICATED ORGANISATIONAL STRUCTURES

There was considerable agreement amongst participants that, as one interviewee put it, INGO "governance structure is overly complicated right now". This creates serious challenges in itself for large INGOs and also frustrates crisis management efforts. Others however, pointed out that even the most well-structured organisations will still face considerable challenges. What is clear though is that the more complicated the structure of an organisation, the more likely it is that challenges will emerge. And when they do, the harder it is to manage them.

CHALLENGES AROUND DECENTRALISATION

The conscious efforts – at least in theory – of many INGOs to decentralise, have resulted in many federated models appearing. These often have multiple (up to as many as twenty or thirty) separate legal entities, often referred to as affiliate or associate members, representing the INGO in different countries around the world. These members usually sit above a central international secretariat, which is responsible for executing the mission of the organisation. An annual general meeting is held where key decisions are voted on by the members before the secretariat is able to implement them.

Such a complicated structure, it was noted, results in decision making being "exceptionally slow" – which is particularly problematic when handling crises, where agility at the senior leadership and global board level is key.

One CEO described being "stuck between a rock and a hard place" because you either "took the risk of being consultative and carry everybody along with you. But by the time you've made the decision, the moment has moved on. Or you take the risk and proactively do it". The latter runs the risk of being considered an authoritative leader, which in turn creates its own set of challenges.

Another participant noted that having twenty to thirty entities, means that when a crisis happens "it's no one's problem, it's kind of everyone's problem" – the inference being that no one takes full responsibility for

the issue. Again, it was noted that this could allow situations to develop into far more complicated scenarios than might otherwise be necessary. Another pointed out that "when things go wrong, when you do have these crises, it is actually really difficult to have a unified response".

One participant explained that his organisation had recognised how multiple entities can be very challenging and consequently the organisation, since its inception, had tried to limit the number that were created. In this example, there are only two main operating entities and a global board which sits above both. In addition, there was a conscious decision to ensure that two other entities, which have a fundraising role, do not have operational capacity. The participant explained that this approach limits many of the power battles which ensue in other, more complicated, organisational structures meaning they can avoid the "turf battles between the fundraising and operating entities". All decision making, he explained, is taken by the operating entities.

Multiple organisational entities are, however, often a legal requirement as INGOs are, by their very nature, operating in different geographic jurisdictions. While some participants suggested this increases local accountability, a number of other participants noted that these entities can often have different priorities, rather than the whole organisation having the same focus. This can lead to considerable tensions within the organisation. One CEO who recognised this as an issue concluded that "we're not necessarily structured in a way to manage those conversations particularly well, but we haven't found a better way". The same CEO went on to describe how there is a "crisis of imagination" in trying to fix this. He argued that far more investment needs to be made in ensuring transparency between these entities. In addition, the participant explained that monitoring information needs to be presented in a more efficient and clear way so that managers all the way up a chain of command can spot potential issues before they arise and track them more quickly.

POWER IMBALANCE

Another issue with the federated INGO structure, referred to by various participants, is that the voting powers and governance structure, which each geographic associate entity possesses, are not always equal.

This lack of parity between geographic entities within the federation leads to "resourcing competition" and "political fights between different entities and boards". This, according to another interviewee, results in "management spending more time in managing conflicts within boards and managing politics than getting things done on the ground".

Another described how there are "high levels of dysfunctionality in terms of levels of trust being low and a lot of territorialism between different parts of the organisation". The impact of this is that "significant tensions emerge for all sorts of unjustifiable and inexplicable reasons between powerful entities" within the organisation. One CEO described how these tensions are almost impossible to manage because "the constituent parts are so diversely different in power and resources".

CHALLENGES AT THE TOP

Finally, significant tensions and challenges were often reported at the secretariat or HQ level due to "historical and resourcing competition reasons". **These tensions, one participant reported, "eat your strategy for breakfast time and time again" – meaning that making any real strategic change is near impossible.**

Other respondents felt that Global North entities – such as US, UK and Germany – often continue to hold considerable power. This makes it difficult for the centralised international body to introduce any real strategic change without first having to deal with the power dynamics of the organisation.

ORGANISATIONAL STRUCTURE - SUMMARY AND RECOMMENDATIONS

While simplifying organisational design alone will not resolve the challenges and crises that INGOs are facing, it is clear that organisations must, where possible, take steps to simplify their organisational structures. In addition, leaders need to identify where competing sources of power exist within the organisation and learn how to negotiate between them.

ORGANISATIONAL DESIGN		
ISSUES IDENTIFIED	**MANIFESTATIONS**	**RECOMMENDATIONS**
Overly complicated organisational structure	• Slow and complicated decision making • Lack of ownership of crises within organisational structure	**CEOs and board chairs:** ✓ Have clear decision-making framework setting out decision-making responsibilities (and limits) for each entity. **CEOs:** ✓ Eliminate bureaucracy to ensure decisions can be taken as quickly and effectively as possible. ✓ Work to establish cross organisational alignment of key priorities. **Academia:** ✓ Research into large INGOs that have structures that function well and publish best practice examples. **Funders:** ✓ Provide support for organisations to redesign nimble and agile organisational structures and support to implement revised structures.
Power imbalance between entities	• Trust breakdown between entities • Competition for power and resources	**Board chairs:** ✓ Engender culture of trust by, for example, encouraging transparency between entities. ✓ Consider revised organisational structures that avoid patriarchy, power and resource imbalance. **CEOs:** ✓ Work to empower local entities equally. ✓ Map different sources of power and develop ways of alignment.
Secretariat/headquarter lack sufficient autonomy	• Impossible to implement change processes	**CEOs:** ✓ Provide clear separation of roles – board, affiliates and the secretariat.

04.
STRUCTURAL RACISM AND NEO-COLONIALISM

There was widespread consensus amongst participants that neo-colonialism and structural racism still exists within INGOs.

These factors in themselves contribute to a number of the crises that were discussed or which are currently unfolding within large INGOs. However, the way in which some leaders have attempted to remedy these issues has also led to serious challenges, many of which are unresolved.

SOUTH WASHING

Although it was felt that the concepts of the "Global South" and "Global North" have found greater political traction in the last decade, there was the overwhelming sense that far more needs to be done to address the North-South imbalance. As one participant described, "we need to be more explicit in our language around this issue and describe the North as the 'Global Minority' and the South as the 'Global Majority'".

Several participants commented that while there has been the attempt by some organisations to become more representative in the Global South, in reality very few INGOs have truly shifted their headquarters to the Global South. One participant neatly summarised this by describing how the sector still looks like it did in the 1980s, going on to say "you claim to be a global actor, and you claim to be shifting the power, but everything about your global governance, your global leadership, your global funding streams, all pivot towards the North". Another described how **some leaders of large INGOs "don't want to localise, don't want to work in partnership, don't want to support movements in the Global South, because they want to oversee billion-dollar enterprises and not $100m dollar organisations".**

This has created a sense of 'South Washing' within the sector to which there is an increasing amount of resentment and which contributes to the internal challenges in relation to neo-colonialism that still persists within large INGOs.

NEO-COLONIALISM

With a limited real shift in power from the North to the South, resentment is also simmering around the issue of neo-colonialism, which continues to be prevalent within the structure of large INGOs.

One participant explained how colonial structures and cultures have become "calcified" in large INGOs because many looked toward the UN structure at their time of formation in the 1960s and 70s. Another argued that "fundamentally, the crisis has to do with the fact that the business model does not align with the programme ideology...organisations are politically trying to decolonise...but the money is primarily coming in from the Global North".

While there are a number of efforts underway to encourage decolonisation across the sector, some participants reported meeting real resistance from their boards on the issue. Several participants were able to describe examples of where neo-colonialism is still very much in play.

Colonial hierarchies are often replicated in the federated structure of large INGOs. For example, entities which were previously colonial powers (such as the UK, Netherlands and France) often hold greater power than ex-colonial entities. Additionally, there tends to be a special relationship between the entities in federated INGOs which used to share a direct colonial history of coloniser and colonised.

The dominance of colonial languages in INGOs is another example that was mentioned by several participants. One participant described how a highly qualified, senior member of the leadership team did not hold the support of other staff on the basis that his accent and level of English was not perceived to be good enough. Similarly, the way reports are written was also cited as an example. The use of Global North terminology is the default (for example around different seasons) with the assumption that the audience of the report will also be from the Global North. One participant suggested that "the written English word was the currency [at one large INGO] and that created inequalities".

These power dynamics are regularly the cause of tension, which can lead to serious challenges for the leaders we spoke to.

RACISM

Inevitably, given that neo colonialism is so prevalent and that there has been no true shift to the Global South, "power, decision making, control is held largely in the Global North...there is a racialised element to that". Racism – and how it is handled – are both critical elements in the serious challenges faced by large INGOs.

One respondent described how despite "after so many decades of change processes, INGOs are blatantly overtly and operationally structurally racist at multiple levels".

Over half the participants we spoke to were from the Global South and over half were non-white. Many reported facing racism themselves within the INGO sector.

One leader, from the Global South, described how there are very few leaders from the Global South who are "perceived as being competent" by the wider INGO community. The same respondent commented how "if you're somebody from the Global South, who's grown up in the Global North and who speaks and thinks like somebody from the Global North, your acceptance is very high". When that is not the case, as this respondent explained, "there is really a sense that culturally there

is an inability to engage because [that person's] reference points, train of thought, where you land with certain conclusions...just don't resonate". Another respondent commented how he would never have been appointed a CEO had his Global North conservative academic background not "cancelled off [his] more transformative radical militant activism".

Several participants described how the "white saviour mentality" is still very prevalent within the sector. This is clear from the continued and common use of, for example, undignified photographs of black children to appeal for donations from a predominantly white public. One of the leaders described how any attempt to move away from the use of these kind of images are often met with considerable resistance as this is still considered one of the most effective ways of engaging with audiences. Aside from this approach reinforcing racial stereotypes, it is also a further example of how these organisations are "wrestling with this business model that is based on white saviourism, but [are] being driven by Marxist feminists, Global South politic and ideology". This tension clearly presents significant challenges.

INTROSPECTION

The death of George Floyd created a demand – predominantly in the Northern arms of INGOs – to become more introspective about their own internal power structures and how this contributes towards structural racism. However, a number of leaders reported that this was often at the behest of the wider team, rather than senior leadership. **As one interviewee put it "everybody loves doing gender equity…but nobody wants to do racial justice related conversations".**

Previously, according to one participant, there was a "wilful blindness" on race equality. Consequently, this moment caused huge tensions within organisations because, as one participant described "we were supposed to be the progressive vanguard, telling the world how to do these things…so it hurt even more".

One respondent described how **"the disappointment, the dismay that actually there were people acting in our name who were doing harm was a sort of PTSD…it's trying to understand and recover, heal the pain and trauma of that disappointment and anger".** The same CEO described how "there was a sort of missionary zeal that covered up all sorts of internal challenges". Consequently, "we forgot that you've got to pay much more attention to building a safe, inclusive culture within your own organisation… we weren't investing in the systems and processes and safe spaces".

The sense that dealing with these kinds of crises – where an unequal power balance has led to abuses within the organisation – is more complicated for INGOs and came across very strongly during the interviews. It is the source of many of the frustrations and challenges that leaders are dealing with.

RESPONSES

There was clear support for ensuring greater racial diversity within organisations as one way of combatting the structural racism that still persists. However, one respondent argued that these efforts have "been at best tokenistic commitments to race equality, no one's really taken being anti-racist very seriously". This itself has created a huge sense of frustration, particularly amongst Global North INGO employees, which many of the participants were unsure how to manage.

It is clear that there is a considerable level of anxiety about the best way of going about tackling the issue of racism and diversity within the sector. **One respondent described how "a lot of leaders, and particularly white male leaders, have been blindsided by some of the issues that have come up in the last three or four years around structural racism".** The same participant went on to describe how "they feel a little paralysed because it's kind of a threat to their own identity.... and so the combination can be difficult".

It was clear from the interviews that the discussion about racism, how to tackle it and ensuring true diversity can be easily mishandled and can further contribute to internal challenges and crises within an organisation.

For example, **it was unclear for a number of interviewees how far diversity and anti-racism efforts should go. One participant explained that "defining what good enough looks like is proving really difficult".**

One interviewee suggested that the best way is to have an agreed policy which clearly shows the organisation's approach to tackling racism, recognising that if there are problems or challenges there also needs to be mechanisms for airing those grievances and reviewing the policy. Another respondent explained that this can be in the form of a code of conduct, which everyone joining the organisation must sign. This, the leader hoped, brings some form of closure to the matter because "we can't just keep having internal debates about this policy, or that policy...we need to get on with fighting the good fight".

Several participants felt that issues around race (and indeed gender) tend to driven by Northern INGO employees. One CEO explained that the topics which the diversity, equity and inclusion (DEI) working groups in his organisation

brought to him varied enormously depending on their geographic location. In India, for example, race was rarely mentioned but instead the topic of caste and religious discrimination were important discussion points.

Other participants suggested that the DEI agenda has become hijacked by what one described as "extreme left-wing activists" working within large INGOs. These participants expressed anxiety that by suggesting this they may be considered racist but felt that an open discussion needs to be had on the issue, particularly because a number of the crises that are appearing in these organisations revolve around the conversation on race and how it is handled. One such respondent felt that "inclusion is no longer about diversity, it's only about a particular favouring of particular groups...it's actually systematic unfairness to other groups."

As an example of how these participants felt the DEI agenda has gone too far, several referred to the question about what skills sets are required to work at an INGO. Examples were given of leaders who have demanded excellence in traditional Northern skills – such as report writing, fluency in English and

punctuality – only to be accused of racism, as these skills are considered by some as perpetuating white supremacy. **One participant described how "there are a lot of difficulties on how to give negative feedback which is not considered racist".** One leader described how INGOs "have been taken over by groups of radical activists that lack democratic legitimacy...but they extend their force through the tools and tactics of activism and often through authoritarian smear tactics". Consequently, "good leadership has been silenced by some of these tactics".

Concerns were also voiced by some participants around the way that formal complaints on race are being investigated. One participant explained that often an external committee is formed, usually including external consultants, to investigate the allegation. The accused is not always fully informed about the allegations, making it very difficult to respond to them. The report that is produced rarely comes to a definitive conclusion but rather systematises the allegations and conversations that are had as part of the investigation. By this time however, the individual accused of racism has already been judged by the

rest of the organisation, and invariably chooses to walk away, often with his or her reputation in tatters even though there has not been proper due process. Not only does this result in a leadership crisis for the organisation but it can damage the individual's professional relationship irreparably, even though no conclusive evidence is found.

There was the sense from many participants that to restore balance on these highly polemic issues there needs to be a concerted effort to create safe spaces again, where "we're allowed to make mistakes together".

Finally, several respondents expressed some hope that the current tensions around race would lead to the sector being in a much better position in several years' time, similar to the upheaval around safeguarding following public scandals in 2018, which it was perceived, has vastly improved both in terms of awareness, mechanisms and accountability.
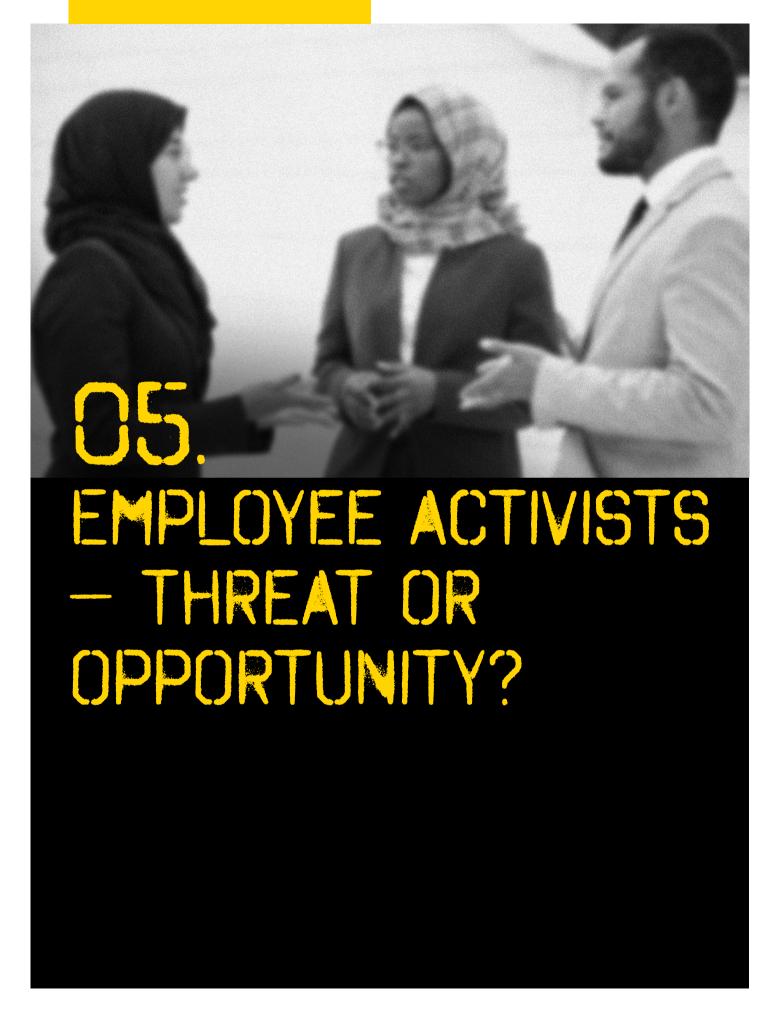
STRUCTURAL RACISM AND NEO-COLONIALISM – SUMMARY AND RECOMMENDATIONS

This topic is perhaps the most polemic issue facing INGOs at present. The interviews showed that there are two competing mentalities – one that feels that INGOs are simply not going far enough or quickly enough to tackle the structural inequalities around neo-colonialism and racism. And the other that feels that the focus on these issues is paralysing the ability of leaders to focus on the true mission of their organisations.

It is these competing, divergent mentalities – and the tendency for individuals to choose one or the other - which are leading to much of the crises and challenges that are we are seeing. It is unlikely that the demands for greater efforts around anti-racism and de-colonialisation will subside in the short term. It is therefore critical that leaders harness the debate and react to it in a way that organisations can benefit, while at the same time maintaining clear authority. Attempts to silence these voices will only result in even greater tensions.

Structural racism and neo-colonialism – summary and recommendations: Continuation

STRUCTURAL RACISM AND NEO-COLONIALISM		
ISSUES IDENTIFIED	**MANIFESTATIONS**	**RECOMMENDATIONS**
Persistent neo-colonial structures	• Resentment over neo-colonial hierarchies • Evidence of neo-colonialism in everyday operations	**CEOs and board chairs:** ✓ Work to ensure that organisational entities that were ex-colonies are given the same voting powers as ex-colonial powers. ✓ Be sensitive to, and work to remedy, neo-colonial mentalities of organisational entities in the North. **CEOs:** ✓ Participate in cross-sector decolonisation efforts, thereby contributing to systemic change on the issue. ✓ Identify where evidence of neo-colonialism exists within the organisation and work to remove it.
Existence of structural racism	• Resentment that structural racism exist • Accusations of racism and associated investigations • Tensions between senior leadership and wider team over efforts to address structural racism • Polarisation of approaches to tackle the issue	**Board chairs:** ✓ Ensure merit based racial diversity at the board level. ✓ Have mechanisms in place for dealing with racism allegations that respect the due process of all parties. **CEO:** ✓ Seek advice from organisations who have implemented anti-racism efforts successfully. ✓ For white CEOs, engage non-white mentors who can offer advice on anti-racism efforts and how to navigate challenges during the process. ✓ Ensure that any internal discussion around racism is appropriately structured to avoid raising false hopes about organisational efforts on the issue. ✓ Set clear boundaries – in policy documents – over the organisation's expectations in relation to anti-racism efforts. Make sure the organisation's approach is shared with potential new hires. **Academia:** ✓ Research - and if needed develop - preventative tools on anti-racism based on dialogue and trust. ✓ Research and publish best practice examples of INGOs who have handled diversity and anti-racism efforts successfully. **Funders:** ✓ Fund best practice research on diversity and anti-racism efforts within the INGO sector. ✓ Fund mentorship and development programmes for Global South and black leaders to improve diversity at CEO and board level.

05.
EMPLOYEE ACTIVISTS — THREAT OR OPPORTUNITY?

ACTIVIST CHALLENGES

When asked whether the intrinsic, mission-driven nature of INGOs contributes to the challenges and crises that are being seen many of the participants quickly referenced how INGOs attract a specific employee profile.

As one leader explained, INGOs "tend to be staffed and dependent on people who are very committed to the issues they work on". However, these individuals have, according to the participant "a sense that the employer owes them a loyalty to their passions and commitments, which can make making change hard". Indeed, numerous participants felt that many of the challenges they had experienced stemmed from the fact that there was a growing and increasingly activist employee profile that causes internal problems.

One respondent described how "you can always trace the drama and dysfunction down to a certain kind of person and personality type, that's triggering it and driving it". The same respondent went on to describe "an activist mentality, which has the character of the purity of righteousness". These employees, the participant explained, "demonise people who disagree with you". The participant concluded that "people who demonise disagreement don't tend to make good team members". Another interviewee agreed "we are not often forced as individuals to engage in potentially conflicting conversations with people who have a different view".

This reluctance to hear the views of others has, as one respondent described, created a "workplace populism" which in turn creates an "intense demonisation of authority". Another respondent suggested that some large INGOs have become "ungovernable".

A number of participants noted that an increasing number of workplace disagreements, that would previously have been dealt with by an "informal conversation in the corridor", are now escalating to formal complaints. It was noted that this is incredibly time-consuming for organisations and can lead to situations that are "potentially reputationally damaging" according to one respondent. The effect of this, the respondent went on, is the "breeding of anxiety, risk aversion and inertia" within large INGOs.

Activist challenges: Continuation

Employees of some INGOs are even beginning the process of organising themselves more formally into unions, which one leader described as creating a "dramatic politicisation of workplace relations" not previously seen in the non-profit sector. Consequently, employees are becoming increasingly articulate in their demands for greater rights within the workplace. One leader suggested these demands reflect a wider societal trend around work-life balance and another argued it reflected the "maturation" of large INGOs as truly becoming institutions. Mechanisms such as unions are clearly becoming a way for increasingly disgruntled employees to obtain a sense of engagement with how the organisations they work for are being run. Such mechanisms however are lifted directly from industry – and are arguably not the most appropriate way to achieve staff engagement within a non-profit setting.

Several other participants disagreed with the characterisation that INGO employees represent a particularly challenging or deliberately aggravating employee profile. One leader said any demands "come out of a genuine demand for INGOs to live their values and to internalise the rhetoric that they espouse".

Others felt strongly that there is a traditional, orthodox group of leaders who are failing to properly engage with the frustrations and demands that are coming from the younger generation of INGO workers. This approach, they felt, is incredibly short-sighted by such leaders and is a key factor in understanding why there is so much dissatisfaction from INGO employees. Not only, they explained, can much be learnt from this group of individuals but also because the more a leader silences these voices, the louder they will become.

Furthermore, one participant felt it was only by engaging with this increasingly loud voice of a frustrated younger generation that true change will occur and a more progressive set of leaders will emerge – which, it was argued, will benefit the sector as a whole. Another leader pointed out that these frustrations also come from the fact that the work that large INGOs are undertaking is "increasingly challenged" – by authoritarian governments – including ones that are democratically elected. This challenge comes, the leader argued, after many years of considerable progress and these "tremendous headwinds can feel overwhelming".

UNHAPPY WITH THE STATUS QUO BUT RELUCTANT FOR CHANGE?

Many of the leaders discussed how their attempts to introduce change, for example, in organisational design, strategy or leadership training, had led to crises within their organisations, often due to the resistance of the wider team.

One argued that this is because of a "series of cultural things that are particular to the progressive sector, such as principles like 'do no harm'". Originally one of the ethical foundations of professionalism in medicine, this principle has been adopted by the humanitarian and aid sectors in helping guide their responses to conflict and disaster situations. This respondent suggested however that the principle was increasingly being abused by INGO staffers – often in headquarter settings where it was never intended to be applied.

The participant explained how it is increasingly difficult for leaders to implement any form of transformation process due to the misapplication of this principle. The participant argued that any transformation process requires difficult decisions to be made that may impact negatively on some individuals, but which on balance is best for the organisation as a whole. When the "do no harm" principle is embedded in the

organisation, and one or two individuals feel aggrieved by the transformation process, these louder voices whip the wider team into a frenzy of outrage, accusing the CEO as representing "an egregious abuse of power". This often brings the process to a standstill and in its place a host of other people management challenges.

Another belief system that was discussed and seen as limiting a leader's ability to bring about meaningful change (and in turn creating other management challenges) is "safetyism". This is where individuals become unwilling to make trade-offs demanded by other practical and moral concerns. One participant described how, in one organisation, it was almost impossible to introduce any form of professional development because individuals felt aggrieved at the difficult process of self-reflection they would need to go through for this to happen. The participant suggested that it has become almost impossible to have "honest conversations anymore" around feedback and development, because immediately there is the accusation of abuse and bullying.

These principles, the participant argued, are "killing us". The same leader reflected on one organisation, remembering the "more we moved towards kindness, the

more we moved towards well-being and care for our staff, the less resilient our staff became to normal adversity".

Another participant, however, disagreed profoundly with the suggestion that some INGO employees are deliberately resisting change. On the contrary, the participant suggested that it is precisely their demand for change within the sector that is fuelling the sense of frustration. The participant explained that traditional INGO leaders can be threatened by this younger and more progressive group of employees – and as a reaction tend to limit dialogue with them (see also chapter on Leadership above). This, the participant argued, only fuels further frustrations, which can quickly escalate into a leadership crisis.

EMPLOYEE ACTIVISTS – SUMMARY AND RECOMMENDATIONS

Without doubt, the current younger generation of INGO employees is placing increasing demands on senior leadership than their predecessors did. For many INGO leaders, this attitude reeks of entitlement and self-righteousness. For others however, it is an inevitable development of a sector that has reached a certain level of maturity where the employer has many of the characteristics of a corporate behemoth.

Just as is the case with demands around race and gender, it would be naïve to think that this employee profile can somehow be silenced. Rather, leaders must find new ways of engaging with this younger generation, to learn from them, without losing the authority that is needed for running a large INGO.

Employee activists – summary and recommendations: Continuation

EMPLOYEE ACTIVISTS		
ISSUES IDENTIFIED	**MANIFESTATIONS**	**RECOMMENDATIONS**
Increasingly demanding employee profile	• Employees organising themselves into unions • Perception that employees are becoming anti-authoritarian and self-righteous making any form of change management difficult • Culture of polarisation develops where disagreement is not accepted	**CEOs:** ✓ Carefully consider recruitment processes and strategies to ensure recruitment of the desired profile is achieved – at all levels of the organisation. ✓ Build a clear organisational culture that can be demonstrated and explained at the recruitment phase. ✓ Invest fully in people functions. ✓ Consider alternative mechanisms for staff engagement – works councils; active listening; seeking and acting on feedback and transparency in communication. ✓ Work closely with existing organised employee groups e.g. unions. ✓ Engage with employee concerns where possible while maintaining clear authority. ✓ Encourage and build culture where tolerance of disagreement is embraced. **Academia:** ✓ Undertake research on how mission driven organisations can attract individuals that recognise the importance of organisational hierarchy. **Funders:** ✓ Provide necessary support so organisations have resources to invest in best practice HR advice, including dedicated people functions.

06.
FUNDING ORGANISATIONS, OR FUNDING CHALLENGES AND CRISES?

There was a clear concern by leaders over what is perceived to be a funding crisis across the sector – the "fundraising head winds are here" according to one.

Many respondents agreed that the current economic model is not sustainable, particularly considering cuts to aid budgets by a number of bilateral funders. The decrease over the last two years of the UK's bilateral aid spend was repeatedly discussed.[7]

The declining role of the large INGO being an intermediary and the associated challenges this would bring for funding was also clear for participants. A number referenced US Aid's 2022 commitment to ensure that at least 25% of its programme funds local partners by the end of 2025 (in comparison to just 6% currently).[8] Others referenced newer, online forms of giving (such as givedirectly. org), which allow people to give directly to their cause rather than via an intermediary INGO. This is a real concern for membership organisations and organisations that are heavily reliant on individual donations. The sense then that leaders are dealing with a crisis of business model was evident, with this question occupying an increasing amount of their time and energy that might otherwise be spent on dealing with other issues and challenges.

Others though reported that their boards have given clear approval that there is no longer an expectation for income growth year on year. In part this is because boards recognise that funding sources are increasingly limited but also because there is the increasing understanding that 'big' does not always mean 'better'. Many participants found this liberating. One participant criticised explicitly how historically there has been huge pressure for INGOs and their leadership to have a growth mindset in terms of income generation. This had led to a focus on the appointment of CEOs and board members for their ability to generate resources rather than their "impact and solidarity mindset".

While some participants were relieved that the pressure of income generation was diminishing, others found that it brings about its own challenges. One participant described, for example, how the "organisations that seem comparatively adept at avoiding crises

7 https://lordslibrary.parliament.uk/uk-aid-spending-statistics-and-recent-developments/

8 https://www.usaid.gov/sites/default/files/2022-12/USAIDs_Localization_Vision-508.pdf

are the ones which are managing to sustain a steady level of growth". The same individual went on to explain that "if your budget is not growing – even if it's not shrinking – and you want to adapt and change with the times, you're going to have to make quite significant adjustments to how you will allocate resources within your organisation… and make decisions that displease quite a lot of people and may well affect morale" – which in turn creates huge challenges for the organisation to manage.

FUNDERS

There was less consensus over whether funders have a role in contributing to the increasing number of challenges and crises within INGOs. One interviewee noted that it can become "almost a reflexive thing to blame one's funders for one's problems".

However, several participants referred to the propensity that some funders review their focus and strategy as having a "devastating impact" on grantees. This causes huge amounts of uncertainty for leaders, often for months at a time. A real funding crisis can be generated if a grantee has become over reliant on the funder that is shifting its focus.

The other way in which some participants felt that funders contribute to internal challenges and crises was in relation to DEI. Some participants welcomed funders' efforts at pushing their grantees to increase their DEI commitments. Others, however, felt it was sometimes done in a "slightly high-handed way", forcing organisations to make themselves stand out compared to others. While it was recognised that this was not something new, it was felt this has become more pressured in recent years. Another felt more strongly, describing how one funder in particular is "forcing this culture and ideology onto their grantees". Similarly, when a grantee faces DEI challenges, such as racism or harassment allegations, funders can be overwhelmingly concerned with their own reputations. This can cause huge amounts of additional work for grantees – at a time when senior leadership are already focused on the main crisis.

Finally, several participants described how the current funding model forces organisations to see each other as "competitors". Aside from fracturing a wider sense of global solidarity, this also encourages leaders, it was felt, to limit the amount of knowledge sharing and lesson learning – including around how best to handle challenging internal situations.

FUNDING MODEL – SUMMARY AND RECOMMENDATIONS

The current funding model is therefore far from ideal. Not only does it reinforce the North-South disparity (see chapter on Neo-colonialism and Structural Racism) but bilateral funding is increasingly being squeezed at a time when the global economy – affecting the many individual supporters of INGOs – is also under pressure. Funders therefore must recognise this burden and avoid placing further strain on grantees.

FUNDING MODELS		
ISSUES IDENTIFIED	**MANIFESTATIONS**	**RECOMMENDATIONS**
Funders shifting focus / reduction in bilateral aid /Disintermediation	• Funding shortfalls leading to restructuring	**CEOs and board chairs:** ✓ Avoid over reliance on a single funder. **Academia:** ✓ Research to understand whether disintermediation is truly a cause for concern. **Funders:** ✓ Where possible avoid regular strategic shifts in focus and funding. Where strategic shifts are necessary, ensure support for existing grantees.
Harsher economic climate	• Funding shortfalls leading to restructuring	**CEOs and board chairs:** ✓ Ensure economic outlooks are factored into risk and financial planning. ✓ Ensure board members have appropriate financial skills and funding networks.
Expectation of funders	• Tensions around how to implement funders' DEI requirements • Funders create further challenges for grantees	**Funders:** ✓ Recognise that certain grantees will not be able to follow certain Northern based ideals around DEI – these grantees should not be penalised. ✓ Where a crisis is reported by a grantee, the grantee should be supported rather than viewed with suspicion. ✓ Avoid complicated compliance processes.
Competitive nature of fundraising	• Lack of knowledge sharing between INGOs	**Funders:** ✓ Design more calls for proposals which require collaboration between INGOs.

CONCLUSION

This study makes for sobering reading.

Internal, institutional dysfunction amongst INGOs is endemic across the non-profit sector, although the level to which this dysfunction exists and impacts each organisation differs.

Our interviews confirmed that, almost without exception, this disfunction can be traced to 6 key contributing factors:

- **BOARDS** – in their current form, many boards lack accountability, have insufficiently clear mandates, lack pluralism in their composition and many trustee reputations compete with the reputation of the organisation.

- **LEADERSHIP** – the majority of leaders feel unprepared for their roles and competent leaders are hard to identify. Strong decision-making around key issues is particularly crucial, as is attention to the culture of the organisations they lead.

- **ORGANISATIONAL STRUCTURE** – generally this is overly complex with multiple entities competing for resources and power. Mistrust amongst entities is inhibiting attempts from central leadership to improve structure and create agile and nimble organisations.

- **STRUCTURAL RACISM AND NEO-COLONIALISM** – efforts to make the relationship between Global South and Global North more equitable have largely stalled. Neo-colonial power dynamics continue to exist which in turn reinforces structural racism within the sector. Efforts to address these serious issues are largely insufficient and are often mishandled. There is considerable anxiety around this issue.

- **ACTIVIST EMPLOYEES** – INGOs have the tendency to attract a specific employee profile which some participants felt can contribute to hostile work environments that make change difficult. However, other participants expressed the importance of listening to these groups to create psychological solidarity and minimise conflict.

- **FUNDING MODEL** – the current economic climate, combined with cuts to foreign aid and a shift away from intermediation is a severe challenge. Funders are sometimes insensitive both in terms of shifting their funding priorities and expectations on certain issues.

These institutional factors, when layered on top of a globally challenging environment, make the internal reality of INGOs incredibly hard to manage.

TO THE FUTURE

However, the 17 leaders we spoke to were open and honest about the challenges they faced. Their frustration with the status quo was clear.

But their passion for the sectors they worked in and their belief in the mission of the organisations shone brightly. As did their determination that there is possibility to improve the current internal state of these organisations – with the hope that the challenges and crises can be a catalyst for positive change in the sector.

This change however is not possible without a concerted effort from those groups that are identified throughout this report:

- **Boards**
- **Leaders**
- **Academics**
- **Funders**

This study should serve as a call to each of them to come together and focus on how short-term change with long-term impact can be brought in to heal these organisations. Failure to do this will have lasting damage on the sector as a whole.

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