

Trends, Challenges and  
Strategies in Human Resource  
Management and Leadership  
Regeneration: Findings from  
Mixed Methods Research on  
NGOs in Indonesia  
Tuti Alawiyah

Prepared for the Department of Foreign  
Affairs and Trade

## Author

Tuti Alawiyah is the Deputy Team Leader and Research Qualitative Analyst for the design of the NSSC. Before joining the team, Tuti managed several research projects, both in Indonesia and the United States including a Ford Foundation research project between 2004–2007 to study the roles and functions of Islamic philanthropy and charitable organisations in four different provinces in Indonesia, and an evaluation of NGO results and impact in Austin, Texas in 2012. She wrote her dissertation on social capital and women’s participation in grassroots organisations, which was later published in *Affilia: Journal of Women and Social Work in the United States*. Her permanent email address is talawiyah@gmail.com.

## Disclaimer

This research was carried out in collaboration with the Government of Australia, but the analysis and findings presented in this paper represent the views of the authors and do not necessarily represent the views of that Government. Any errors are the authors’ own.

## Table of Contents

<b>Abstract</b> .....	<b>v</b>
<b>1 Introduction</b> .....	<b>1</b>
<b>2 Human Resource Management in Indonesian NGOs</b> .....	<b>2</b>
2.1 Composition of staff .....	2
2.2 Calibre and Capacity Development of NGO Staff .....	3
2.3 Employee Compensation and Career Development .....	5
2.4 Staff Turnover .....	5
2.5 Human Resource Management, Funding, and the Role of Board and Networks .....	6
<b>3 Leadership Regeneration: Trend and Strategies</b> .....	<b>7</b>
3.1 Leadership Regeneration Models .....	8
<b>4 Implications and Recommendations</b> .....	<b>11</b>
4.1 Indonesian NGOs .....	11
4.2 Government of Indonesia .....	12
4.3 Funders (Private Sector and Donor Agencies) .....	12
<b>5 Conclusion</b> .....	<b>12</b>
<b>6 References</b> .....	<b>13</b>

## Figures

Figure 1 Leadership Regeneration Model .....	9
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## List of Abbreviations

NGO	Non-Governmental Organisation
NSSC	National NGO Study and Service Centre
HRM	Human Resources Management
HIV and AIDS	Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome
IDR	Indonesian Rupiah

## Abstract

This brief will discuss human resource management and leadership regeneration trends and challenges among NGOs in Indonesia that arise from the findings of mixed methods research conducted during the *National NGO Study and Service Centre* (NSSC) design process. The findings provide insights about the current situation and trends on these issues at both individual organisational and NGO sector levels in Indonesia. In addition to findings from the quantitative and qualitative field research, the brief also discusses lessons from the international context and other research. Challenges facing the NGO sector on these issues include lack of capacity development for staff, centralised decision-making processes, high turnover rates, and lack of leadership regeneration. These trends could affect organisational performance and sustainability both for individual organisations and the NGO sector as a whole. The brief identifies strategies for addressing these challenges and suggests possible practical and policy recommendations for Indonesian NGO directors, funders, government officials, and private sector Corporate Social Responsibility managers.

# 1 Introduction

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The NGO sector in Indonesia is dealing with a multitude of challenges arising from a rapidly changing socio-economic, political, and cultural context. This context includes the rise of Indonesia as a middle-income country, the reduction of funding available from international donors, and the democratic transition process from centralised to decentralised government following the end of Suharto's 'New Order' era. One of the consequences of being a middle-income country is the increase in the number of middle-class Indonesians, which might provide opportunity for a better funding environment for NGOs. While this could be positive for NGOs, there are still several challenges that affect the ability of NGOs to be effective.

The socio-economic and political context has forced NGOs to operate in a more competitive environment than before. NGOs must look to their organisational performance to improve quality of work and deliver the best possible outcomes in achieving their social change goals. The practical challenges NGOs face include: limited accountability and management capability, lack of resources and opportunities to conduct staff professional development, lack of networks and networking among NGOs to support themselves and each other, and difficulties in securing stable funding. The discussions in the other briefs in the NSSC Research Series highlight linkages from crosscutting issues that arise out of these challenges. These challenges point to the need to implement strategies to support the NGO sector as a whole. Improvements in human resource management, capacity development, and leadership practices within the NGO sector can nurture the development of capabilities within individual NGOs to promote better organisational performance.

This brief is based on the findings from surveys of NGOs and qualitative interviews and focus group discussions conducted as part of the NSSC design process, as well as desk review of international literature about programs that support the NGO sector. The field research was conducted in four provinces: East Java, Central Sulawesi, Jambi, and West Sumatera.<sup>1</sup> The research process was intended to help increase understanding of the current state of NGO management, governance, funding diversification, and NGO relationships with other NGOs and other stakeholders. Human resource management and leadership regeneration has been extensively explored in both survey and interview findings.

At the outset, it is important to note the different levels of resources and capabilities of various NGOs on human resource management and leadership. The NGOs that were part of the field research had many characteristic variations and can be categorised by variables such as whether the organisations are:

- > district / city, provincial, or national NGOs;<sup>2</sup>
- > small, medium, or large NGOs; or
- > branches of larger NGOs or coalitions of NGO networks, or organisations that were not part of such groups.

The brief begins by providing an overview of the trends and challenges of Human Resource Management (HRM) and leadership for NGOs in Indonesia. It then describes the findings from the research that showed gaps in human resource management and leadership capabilities across all levels and sizes of NGOs. The discussion explores how these issues are linked to one another and affect overall organisational performance and capability to achieve goals. The findings show staff shortage, lack of adequate skilled staff, limited compensation and career pathways for staff, and lack of leadership regeneration especially among smaller and district / city NGOs. These factors affect organisational capability to maintain staff, provide capacity development opportunities, and train new

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<sup>1</sup> More detail about the methodological approach for the field research can be found in the first brief of the NSSC Research Series: *The NGO Sector in Indonesia: Context, Concepts and Challenges* by Megan McGlynn Scanlon and Tuti Alawiyah.

<sup>2</sup> City/district NGOs are NGOs that focus their work in one or in some cases – where districts have recently administratively split – two cities or districts; provincial NGOs operate across two or more cities or districts within a particular province; national NGOs are NGOs that work across multiple provinces or at a national scale, many of them serving explicit support functions to the NGO sector overall.

leaders. This can eventually threaten NGOs' ability to deliver programs effectively, achieve goals, and be sustainable in the longer term.

In addition to the research findings, larger environmental contexts including socio-economic, political and cultural factors will be examined in order to understand how these issues affect HRM and leadership regeneration in NGOs and the NGO sector. The funding environment, the role of networks, the role of board and senior activists, and regional differences and contexts all affect the way NGOs can manage these human resources challenges.

The brief also discusses current practices among NGOs in HRM and leadership regeneration, and provides insights on possible strategies and solutions to the challenges that arise. The final section highlights practical implications and recommendation drawn from the main research findings that can be implemented to improve human resource management and leadership regeneration for NGOs and other stakeholders in Indonesia.

## 2 Human Resource Management in Indonesian NGOs

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Human Resource Management refers to 'the design of formal systems in an organisation to ensure the effective and efficient use of human talent to achieve organisational goals.'<sup>3</sup> The processes involved in HRM can include continued learning and adaptability to a changing social context<sup>4</sup> as NGOs are always operating in a unique and changing environment. Addressing HRM issues such as quality of staff and capacity development is important for internal organisational performance as well as for improving perception of NGOs and the NGO sector as a whole among NGO constituents and stakeholders. To date, the NGO sector still faces critical problems due to limited resources, including human and technical resources,<sup>5</sup> which could impede their effectiveness to achieve goals and to provide services for their constituents. Many NGOs rely on each other and support organisations<sup>6</sup> for building networks, improving staff and organisational capacity, and for other resources such as information and access to funding sources.

This section will discuss findings from the field research relating to HRM issues such as number of staff, recruitment process, and composition of staff (paid and unpaid full-time and part-time staff). It then discusses the quality of staff, capacity development and other HRM issues including employee compensation, career path, and staff turnover.

### 2.1 Composition of staff

Many NGOs face staff shortage challenges, especially those NGOs working at district and city levels. The majority<sup>7</sup> of the district / city NGOs had less than 10 full-time paid staff in 2013. In comparison, only one third of the national NGOs had less than 10 full-time paid staff,<sup>8</sup> while around 43% of them had between 11 and 20 full-time paid staff. This low number of full-time paid staff in NGOs is similar to what was reported previously in the 2012 NGO Sector Review.<sup>9</sup> This also means that many staff of NGOs are unpaid for both full- and part-time roles, especially among district / city NGOs. About half of district / city NGOs have both unpaid full- and part-time staff. Only a third of national NGOs that have unpaid full-time staff, with about two thirds having unpaid part-time staff.<sup>10</sup> The findings also showed

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<sup>3</sup> Aziri, Veseli, & Ibraimi, 2005

<sup>4</sup> Amit & Belcourt, 1999

<sup>5</sup> Ibrahim, 2006

<sup>6</sup> Support organisations are NGOs or other organisations that provide support for NGOs ranging from capacity development, access to information, and links to funding sources.

<sup>7</sup> 75%, N=105.

<sup>8</sup> 31%, N=42.

<sup>9</sup> STATT, 2012 showed for instance, data from TTS and Ketapang both suggesting an average of 8.5 staff members in the NGOs there, including project-based staff members who are paid when money is available. See also Ahmad (2002) cited by Ibrahim (2006) that showed more than half of Indonesian NGOs have fewer than 10 people on staff and almost 90% have 20 or fewer.

<sup>10</sup> N for city/district NGOs = 105; and N for national NGOs = 42.

that NGOs with larger budgets tend to have full-time paid staff while NGOs with smaller revenues did not.<sup>11</sup>

Thus, while some NGOs hired both full- and part-time staff, many rely on the support of unpaid staff, including volunteers and *kader*,<sup>12</sup> or staff that are paid irregularly or when funding is available. Having higher levels of unpaid staff can affect both staff and organisational performance, including accountability. The data from the survey of NGOs showed that city / district NGOs with more unpaid staff are less accountable in terms of providing financial reports and outcomes to the public.<sup>13</sup>

The findings also show how NGOs recruit most of their staff, especially among city / district NGOs. While formal and open recruitment processes have been practiced, many city / district NGOs recruit staff through an informal process.<sup>14</sup> This informal, closed recruitment process is practiced more often in district / city and smaller NGOs where personal relationships, networks of friends and senior leaders play highly influential roles in the process. Many of potential staff of NGOs started to work with NGOs as NGO volunteers, interns or *kader*. In many places, these *kader* come from university students who have been actively engaged in many university-based organisations (see Case Study 1) or religious-based organisations such as *Nahdhatul Ulama* and *Muhammadiyah*.

A formal and open recruitment process, on the other hand, takes place when NGOs need staff with special technical expertise such as someone having competencies in finance, information and technology, marketing, or agriculture. However, among city / district NGOs, it has not been a common practice; rather, they rely on more informal approaches as noted by a respondent below:

*'... we didn't advertise the job externally, because we have our own organisation, the Nature-Lovers' Club. As such, those involved in the club can come and work for our association. It's not binding that when they are ready they must work here – we just coach them. If they want to work, why go any further? We have an organisation that we must develop. We all know each other so it's not difficult once they join the association for them to work on the existing programs'*<sup>15</sup>.

#### Case Study 1: *Kaderisasi* among university students in Central Sulawesi

The availability of human resources for NGOs in Central Sulawesi is very large, coming from youth and student organisations such as the one that work for outreach and advocacy in Sigi, Central Sulawesi, the Indonesian National Youth Committee, the Association of Islamic University Students, and the Indonesian Islamic Students Association. Campuses require students to be active in social activities. They can get involved in campus organisations and other NGOs outside of campus, as a part of graduation requirements. These young people join NGOs via various channels: internships, volunteering, or through (professional) job recruitment.

## 2.2 Calibre and Capacity Development of NGO Staff

Having unpaid staff and those recruited through informal, personal networks can have consequences on staff quality and capability. In terms of staff education, district / city NGOs<sup>16</sup> have much less staff with university education than national NGOs.<sup>17</sup> The research findings show that district NGOs that are located in more remote districts have less staff with higher degrees, especially post-graduate degrees. The gap in education-levels between the different types of NGOs is high, with national NGOs having about three times more staff with university degree than district / city NGOs. When NGOs have lack of skilled and educated staff, the staff members they do have may be assigned tasks in areas that are

<sup>11</sup> 66% (N=105) for district / city NGOs with budget more than IDR30 million compared to 27% for district / city NGOs with budget IDR 30 million or less.

<sup>12</sup> *Kader* here is the Indonesian term for a person/group of people who are fostered and envisioned by the management or board of an organisation (civil or military) who serve as a 'partisan' and or assist the duties and functions of the organisation

<sup>13</sup> 44% city/district NGOs who have paid staff report their outcomes to the public and 12% reported their financial outcomes. In comparison, only 28% of city/district NGOs who do not have paid staff reported their outcomes to the public. None of the city/district NGOs who do not have paid staff reported their financial outcomes to the public.

<sup>14</sup> Findings from qualitative interviews and focus group discussions.

<sup>15</sup> An interview with the director of an environmental NGO in Jambi.

<sup>16</sup> About 37%, N=105.

<sup>17</sup> About 80%, N=42.

different from their educational background and skills.<sup>18</sup> This resulted in lack of staff performance if their skills and capacities had not been upgraded and improved, as acknowledged by a more junior staff member:

*'So our generation was usually known as being the young generation. Well, it was there that we were allocated tasks that were not suited to us because everything was new. So whether we liked it or not, we started out by not knowing how to do anything. At the time, I couldn't work on the advocacy campaign because I didn't know how to write; I was meant to produce all sorts of reports and applications.'*<sup>19</sup>

These young *kader*, who are mostly university students or fresh graduates, may join NGOs with the aim to learn and gain experience from other more senior staff. One of the reasons why NGOs use the pool of *kader* from students or graduates is because lack of resources means NGOs do not have competitive advantage in compensating their employees<sup>20</sup> and thus they find it difficult to hire more experienced and professional staff. This limited staff capacity can impede the work of NGOs. The low rate of financial compensation paid to NGO staff compared to other sectors<sup>21</sup> and lack of career development can also negatively influence staff commitment to remain employed and prevent NGOs from developing new leaders, which will be discussed below in the subsection on turnover issues and the section on leadership regeneration.

Considering these trends, the question then becomes: how can NGOs train and improve the capacity of their staff when many of them join the organisation with limited education and skills?

In the survey of NGOs, most directors or senior staff members at both district / city and national levels said they have plans to, and do in fact, implement skills-building programs for staff.<sup>22</sup> NGOs at the district / city and national levels have conducted internal training and staff capacity development initiatives including mentoring and supervision from senior NGO leaders and other mechanisms such as delegating work and providing more opportunities to be involved in new projects.<sup>23</sup> Investing in staff capacity development through mentoring and supervision has a great impact on staff performance as noted by an informant who noted how their skills and competencies improved over time:

*'I started off not knowing anything. I had no idea about any of it, to lobby ... [I did not know that we should] not lobby to there, but definitely lobby to this other place. ... All of these skills were required of us. As a result of that journey, from initially having no idea, I eventually ended up knowing what I was doing. So the initial days were like that, until eventually I was able to do advocacy.'*<sup>24</sup>

However, external support for NGOs in many staff capacity development areas is still much needed. NGO directors at all levels reported this as the highest priority, even above the need for funding. The types of areas where further staff capacity development is needed includes up-skilling in accessing information, networking and specific technical assistance in areas such as financial management, proposal writing, grant applications, and evaluation of organisational performance.

Staff capacity development plays an important role in ensuring that staff feel that they are capable of handling the job. Inability to fulfil minimum requirements of the role creates stress and job dissatisfaction, and will lead to staff turnover. This is crucial since as mentioned above, many NGO staff handle tasks that do not fit their educational background.

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<sup>18</sup> Findings from qualitative data analysis, for instance, FGD staff, Sigi, Central Sulawesi, 08 September 2014

<sup>19</sup> Staff member from environment and community development NGO in Sigi, Central Sulawesi, FGD, 08 September 2014

<sup>20</sup> Sokkie, 2013.

<sup>21</sup> See STATT (2012) on salary discrepancies between NGO staff, government, and international agencies.

<sup>22</sup> 65% of district / city organisations and 80% of national organisations.

<sup>23</sup> Findings from qualitative research

<sup>24</sup> Staff member from environment and community development NGO during FGD Staff, Sigi, Central Sulawesi, 08 September 2014.

## 2.3 Employee Compensation and Career Development

Financial compensation or salaries for NGO staff<sup>25</sup> is one of the main HRM challenges for NGOs, especially on the issue of staff retention. One informant noted that: *'The greatest factor that affects NGO colleagues to change their mind [in leaving for other organisations / sector] is the economic factor.'*<sup>26</sup> A more senior staff member provided another example of the challenges that arise because of inadequate financial compensation for NGO staff:

*'If we were to talk about the salary of my NGO colleagues, I can see that a shift has occurred. I find that the young people these days or the staff that have just joined the organisation are different than the colleagues above me ... Many are oriented towards the salary side of the job. If there is a greater salary being offered then they depart very quickly. It's different to us back in the day. For us, we were more focused on the social side of things.'*<sup>27</sup>

Another critical issue faced by many NGO staff is lack of a clear career path progression. Many NGO staff start working at NGOs early in their career, and often see the NGO job as a stepping-stone. After some time and gaining experience, they hope to move to a higher position if at all possible or to work in other sectors including in public and private sector and in the legislature. Respondents noted the uncertainty that comes when one works at NGOs and whether they can continue working there, mainly due to the unstable and project-based nature of NGO funding.<sup>28</sup> Thus, while it is unfortunate that NGO staff should move to a different sector either public or private, it has been seen as a viable option and a means of career progression. This is because it would be hard for staff to move to higher positions if they remain at the same organisation, and staff leaving to take on new opportunities is accepted as a reality of work in the NGO sector, as noted by an informant:

*'... if we just keep dwelling there [in the same NGO], that's when conflict occurs... We [need to be] adults and we never learn from these situations. If he or she did leave, then I actually think that that's a good thing. Don't just let workers in this NGO become sub-ordinates.'*<sup>29</sup>

## 2.4 Staff Turnover

Inadequate financial compensation for NGO staff, lack of capacity development and uncertainty about career path in NGOs are factors that lead to staff leaving NGO jobs. The findings from focus group discussions with NGO staff notes the importance of staff capacity development:

*'In general, there are two driving factors behind the issue of NGO staff turnover in two regencies (Jambi and Java), namely the structure of the organisation and personnel. The organisational structure factor includes the organisation's inability to ensure the [workplace] is comfortable and empowering for staff, and the lack of investment in building the capacity of personnel within the organisation.'*<sup>30</sup>

NGO staff retention (defined as staff staying to work for an organisation) and turnover (defined as staff leaving an organisation) was identified in the research findings as a challenge for the NGO sector.<sup>31</sup> Several factors influence why staff stay with or leave an organisation, ranging from employee satisfaction, salaries and compensation, and workload, to organisational culture and workplace environment.<sup>32</sup> While retention can have positive effects for an organisation, turnover can have

<sup>25</sup> See STATT (2012) for a comparison of salaries among NGO staff, international NGOs, government and private sector, p. 35.

<sup>26</sup> Director of NGO for transparency, accountability and good governance in Tolitoli, Central Sulawesi, interview 13 September 2014.

<sup>27</sup> NGO program manager for community, women, and children's empowerment, Muaro Jambi, Jambi.

<sup>28</sup> Interview with an informant from an environment organisation in Jambi. See also Padaki, Vijay (2007).

<sup>29</sup> An interview with a senior NGO activist and member of the Regional People's Representative Council of Muaro Jambi, Jambi

<sup>30</sup> Conclusion of opinions on turnover from the NGO staff FGD in Kediri, 6 September 2014. Described in different terms, there were also similar conclusions drawn in the FGD at Situbondo, 16 September 2014.

<sup>31</sup> See STATT (2012)

<sup>32</sup> Hailey & INTRAC (Great Britain), 2006

negative effects that could disrupt the workflow of an organisation. In certain cases, a high turnover rate can affect the morale of other staff.<sup>33</sup>

The findings from the survey showed that on average three staff left for other NGOs or other sectors each year.<sup>34</sup> This is relatively high when considering the number of paid full-time staff in both district / city and national NGOs that, on average, have less than 10 full-time paid staff. Staff leaving to work for international organisations such as The Asia Foundation, United Nations, and other international agencies, for instance, is more common now than earlier due to the importance of diversification of local leadership and better perceptions about the international agencies.<sup>35</sup>

The findings indicate that staff who left NGOs moved to other district / city, national and international NGOs and other sectors, including the private sector, government agencies, and political parties (as members of parliament). Around one third of district / city NGOs<sup>36</sup> and national NGOs<sup>37</sup> had staff leave to join the private sector in the last three years. Among district / city NGOs, those NGOs that are close to the provincial capital reported a higher percentage of staff leaving the organisation; branches of larger organisations had a higher proportion as well. Additionally, 17% of district / city NGOs<sup>38</sup> had staff leave to join other district / city or national NGOs, and 12% of district / city NGOs had staff leave for the legislature (national NGOs had a slightly higher percentage).

While levels of staff turnover are relatively high, interestingly, only a few organisations saw turnover as a problem. However, around half of both district / city and national organisations said they agreed or very much agreed with the need to reduce the turnover rate. About 20% of district / city NGOs<sup>39</sup> reported that staff departure is frequently a problem. Both branches of larger organisations or non-branches reported similar sentiments. The findings from the interviews indicate that NGO directors and senior staff believe that turnover needs to be reduced:

*'We've had many experiences of building up kader with the hope that they would become advocates for the community. But after they become professionals they eventually leave.'*<sup>40</sup>

Reducing staff turnover is necessary to ensure programs run smoothly with minimal disruption to overall NGO performance. Best practices and strategies that could be implemented by NGOs that were identified during the multi-stakeholder research discussion<sup>41</sup> include:

- > enduring staff capacity development initiatives are in place;
- > creating a workplace culture that is empowering and supporting for staff; and
- > implementing practices where the staff are able to carry out different tasks so they gain new experiences in different programs to prevent boredom.

## 2.5 Human Resource Management, Funding, and the Role of Board and Networks

NGOs do not just work and operate in a vacuum,<sup>42</sup> and there are other social, economic, cultural and political factors that lead to challenges for NGOs in managing their human resources. Lack of a strong functioning board of directors, inadequate funding, and inadequate networks are among the three important factors why HRM issues continue to be challenges for NGOs.

Board members play a crucial role in making sure a NGO runs well and operates in a way that serves its goals. When boards are weak and do not adequately fulfil their supervisory roles, every decision-making and management process including HRM falls on the directors and senior staff. Especially

<sup>33</sup> See for instance Mayhew (n.d.).

<sup>34</sup> This average applied for both local (N=41) and national (N=69) NGOs surveyed.

<sup>35</sup> See for instance on why leadership among local activists arise: Bryson (2013).

<sup>36</sup> 29%, N=58.

<sup>37</sup> 31%, N=42.

<sup>38</sup> N=58.

<sup>39</sup> N=61.

<sup>40</sup> Director of NGO for transparency, accountability and good governance in Central Sulawesi, FDG Staff, 08 September 2014.

<sup>41</sup> Held in Sentul, West Java, 23-24 June 2015

<sup>42</sup> Hailey & INTRAC (Great Britain), 2006 Amit & Belcourt, 1999

among district / city NGOs it is rare that there would be a human resources manager able to fully design and implement HRM systems and processes. Among larger and national NGOs, however, some of them have specialised staff that manage NGO personnel,<sup>43</sup> which shows the importance of having the resources to manage these issues.

In terms of funding, NGO leaders raised concerns about the ability of their organisations to provide staff capacity development and training, as well as provide competitive employee benefits for staff as noted by an interviewee:

*'Organisational fundraising is weak, because on average almost all of my colleagues here rely on funding. If it is not clear where the funding is going, then ... even though we are staff or people working internally, definitely there would be a contract agreement which would mean that if they no longer have any programs, it's up to you if you want to hold out or if you want to leave.'*<sup>44</sup>

Findings from the survey of NGOs also showed that funding is seen as the most important external factor that can either support (when available) or impede (when lacking) the ability of NGOs to carry out their work; the results were the same for both national and district / city NGOs.

While international donors play crucial roles in supporting NGOs with capacity development, providing project-based salaries, and, in some cases, providing core-funding,<sup>45</sup> it has been reported that levels of funding have been decreasing in recent years. Often, it was reported that the funding provided by international donor agencies was not meant to help NGOs achieve their own goals and programs but was instead focussed on the program of the donor agencies.<sup>46</sup> Additionally, there is a disconnect between how donors see capacity development and what NGOs need; donor programs are more concerned about program-level outputs and goals while NGOs have their own organisational needs for their staff and organisation.<sup>47</sup>

However, in a larger context, funding is important, but not the only factor for NGOs to be able to improve their human resource management especially on staff capacity development. Having connection with larger organisations and networks has helped NGOs gain access to programs and services that support staff and organisational capacity. Findings from the survey of NGOs showed that being a branch or part of a larger organisation<sup>48</sup> to some extent provides more opportunities for staff to improve their knowledge and skills, as noted by a respondent: *'Relationships with networks not only aid in improving technical capability, but we also get regular information from the network ...'*<sup>49</sup> Similarly, provincial and national organisations are more likely to provide such opportunities for their staff. Thus, having more networks could increase NGOs' ability to provide and improve staff capacity development.

### 3 Leadership Regeneration: Trend and Strategies

Leadership and leadership regeneration is an important factor affecting performance and organisational capacities for both individual NGOs and the wider NGO sector, as noted by one respondent interviewed during the field research:

*'They [NGO leaders] prepare their staff to be leaders that will continue on their work. If they just continue to stay in the same place, then yeah, that's what you call NGO workers. There is*

<sup>43</sup> Majority (74%, N=42) of national NGOs have specialised staff to manage HR; but majority (83%, N=105) of district / city NGO directors or senior staff manage HR.

<sup>44</sup> FGD staff, Sigi, 08 September 2014.

<sup>45</sup> Core funding is fund to be used by NGOs including for overhead cost and other needs including for capacity development.

<sup>46</sup> This was for instance the conclusion from an interview with an environment organisation in Jambi and and the conclusion from FGD with NGO directors during the complementary analysis for Department of Foreign Affairs (GOA) program Review in Jakarta, February 2015.

<sup>47</sup> See for instance the recent report published by *Australia Indonesia Partnership for Decentralisation* on capacity development for civil society: Ebbinghaus, Maulana, & Najib, 2015

<sup>48</sup> 89% for branches NGOs (N=18) versus 65% for non-branches organisations (N=43)

<sup>49</sup> Interview with a founder of an NGO for transparency, accountability and good governance, in Sigi, Central Sulawesi

*no kaderisasi [development of younger staff members and kader] and there is no regeneration taking place.’<sup>50</sup>*

Leadership regeneration (or development) is defined as ‘an investment in building human capital and developing the “collective capacity” of organisation members to “interact and work together in a meaningful way”’.<sup>51</sup> Personal relationships, networks of friends, and role of senior leaders play an important role to the leadership regeneration process for NGO staff across researched provinces.<sup>52</sup>

Leaders of NGOs influence their staff as well as constituents. Reliance on leaders is also more common in Indonesia since many NGOs are still working in a paternalistic culture<sup>53</sup> where leaders are paramount and decision-making is centralised. Considering the importance of NGO leadership, NGO leaders and activists themselves have started to question whether they have prepared the new generation for taking over leadership roles in the NGO sector.<sup>54</sup>

### 3.1 Leadership Regeneration Models

The research findings indicate that there are four models of leadership regeneration that occur at both individual organisational and sectoral levels. (See Figure 1 for the illustration of the four models). In the first model, leadership regeneration is strong at both individual NGO and sectoral levels. An example of this is when one organisation or an actor plays an important role to establish a new organisation and prepare new leaders for the new organisation; at the same time, the old organisation that he/she founded still exists and regularly changes its leadership. This model of regeneration has both vertical and horizontal regeneration, which not only strengthens an individual organisation but also the whole NGO sector.

The respondent who narrated the example in Case Study 2 added that:

*‘at the time, [all three organisations] were up and running [and this was because the senior leader] had extraordinary leadership... he has capacity in which his experiences and his seniority are very influential...’<sup>55</sup>*

#### Case Study 2: Leadership Regeneration in Jambi

An example of the first model of leadership regeneration is shown by the cohesiveness of NGO sector in Jambi where the director of an NGO working to improve health and reproductive rights helped improve leadership regeneration at both an individual and sectoral levels. The director maintained the old organisation where all other organisations were originated and helped to train new directors and leaders in other new organisations. As a result, two leaders / directors emerged for an NGO that works in women and economic and agricultural empowerment and another new organisation that works on health issues and HIV and AIDS.

The second model of leadership regeneration is strong only at the level of the individual organisation. It shows vertical regeneration. While this will help the organisation, it does not necessarily strengthen the overall NGO sector. The third model is when the NGO sector is evolving, new organisations are generating new leaders, but many older NGOs are falling: this is where only horizontal regeneration occurs.

The last model is where there is no strong leadership regeneration at both individual-organisational and sectoral levels. Where this occurs, neither vertical nor horizontal leadership regenerations are happening. An example of this regeneration model is when a leader of an NGO has difficulties in finding a new leader. A respondent noted that this happens where there are no new members, staff or

<sup>50</sup> Senior NGO activist and member of the Regional People’s Representative Council of Muaro Jambi, Jambi

<sup>51</sup> Day, 2001 quoted by Hailey & INTRAC (Great Britain), 2006

<sup>52</sup> Findings from Qualitative analysis

<sup>53</sup> Ibrahim, 2006

<sup>54</sup> Many NGO activists raised this concern in both interviews and focus group discussions as well as in several workshop consultations for the NSSC facility design.

<sup>55</sup> An interview with Director of NGO working to improve women and economic and agricultural empowerment, Jambi.

kader: 'You could say that our organisation is a family-run organisation... We often invite others to join us but not many are interested'.<sup>56</sup>

Figure 1 Leadership Regeneration Model

	+	-
+	++ Horizontal and vertical regeneration occurring	+- Only horizontal regeneration occurring
-	-+ Only vertical regeneration occurring	-- Neither horizontal nor vertical regeneration occurring

Leadership regeneration that influences both individual and the NGO sector most often occurs in larger organisations. They have internal mechanisms, policies and procedures for providing more junior staff with leadership opportunities through delegating work and providing opportunity to lead or manage smaller programs and activities. The importance of leadership regeneration was evident in both survey and interview results. It is reported in the survey findings that, in general, all NGOs at the national<sup>57</sup> and district / city<sup>58</sup> levels agreed or highly agreed that there was a need to widen leadership opportunities, that they have clear plans for regeneration, and implement the plan.<sup>59</sup>

However, while leadership regeneration is occurring in some places, it is not happening consistently. Many smaller organisations do not have the necessary internal mechanisms that drive such regeneration, or the resources to implement them. Some of leaders of NGOs are still the heads of their organisations after more than a decade.<sup>60</sup> Several reasons for why leadership regeneration is not occurring in some places includes both external and internal factors, such as tendency for having top-down organisational structures, centralised decision-making processes and high reliance on senior leaders. Other factors are lack of staff capacity development in leadership and managerial capacity, and lack of inclusiveness and gender imbalances (mostly males) at leadership levels. Globally, leadership among NGOs are also seen as hierarchical, centralised, elitist, and with lack of diversity, which thus creates leadership deficits across NGO sector.<sup>61</sup>

While a democratic process is valued by many NGOs, NGO leaders in some instances are considered as elitist, and often the senior leaders are the key decision-makers.<sup>62</sup> The results of the field research showed that decision-making processes are still highly centralised, especially among directors or senior staff of NGOs: 83% of district / city NGOs<sup>63</sup> and 50% of national NGOs<sup>64</sup> see the directors or senior staff as the persons in charge of making a decision, especially on human resource management. The majority of both district / city<sup>65</sup> and national<sup>66</sup> NGOs reported either only the director, or only the director and 1–2 senior staff members could make decisions on the use of funds over IDR 1 million. For three quarters of national NGOs, IDR 1 million represents 0.07% or less of their annual budget. In addition, the majority of directors or senior staff are responsible for fundraising efforts. This suggests highly centralised decision-making practices among large NGOs when it comes to managing funding. Smaller organisations often lack the resources to have staff with specific responsibilities for finance.

<sup>56</sup> An interview with director of an NGO for community services and empowerment, Padang Pariaman, West Sumatra.

<sup>57</sup> 100% N=30

<sup>58</sup> 88%, N=105

<sup>59</sup> Half of both city/district (N=105) and national NGOs (N=30). Among this number, 65% of NGOs that were branches of larger organisations agreed, which was higher than NGOs that were not branches of other organisations

<sup>60</sup> Results from FGD Staff, Sigi, Central Sulawesi.

<sup>61</sup> Hailey & INTRAC (Great Britain), 2006

<sup>62</sup> Ibrahim, 2006

<sup>63</sup> N=105.

<sup>64</sup> N=42

<sup>65</sup> 80%, N=105.

<sup>66</sup> 65%, N=42.

In addition to the centralised decision-making process as noted above, there is a lack of capacity development to prepare staff for leadership positions. Capacity development of staff could create clear steps for leadership regeneration if planned and implemented well, especially in managerial and leadership capacity. Many leaders are hesitant to hand the leader positions over to other staff due to lack of this capacity as noted by a director of an NGO: *'I think the managerial side of things is what needs to be improved'*.<sup>67</sup>

Leadership training, mentorship and supervision are needed to overcome the deficit in leadership. In some places the role of senior leaders and activists to provide supervision and mentoring is occurring, as noted by a respondent referring to a leader in the NGO sector in the province: *'he has extraordinary leadership... he has capacity in which his experiences and his seniority are very influential ...'*.<sup>68</sup> In other places, more training and supervision is needed to encourage leadership regeneration.

Another reason for leadership deficit is lack of inclusiveness in leadership.<sup>69</sup> Males as well as those with higher socio-economic status have dominated leadership positions while women and other minorities (ethnic, religious minorities, as well as those from lower socio-economic backgrounds) have been underrepresented in leadership positions.<sup>70</sup> The survey of national and district / city levels NGOs also showed that leadership in NGOs is still a male-dominated field with only a few female directors and deputy directors across national and district / city NGOs. Only about a third of national NGOs<sup>71</sup> and a quarter of district / city NGOs<sup>72</sup> have female directors and only 15% of organisations have female deputy directors at both levels. These findings are similar to previous research that showed lack of female leadership among NGOs in Indonesia.<sup>73</sup>

The current trend on female leadership among NGOs in Indonesia is a reflection of women in leadership in the non-profit sector globally.<sup>74</sup> A review of women in leadership positions confirmed what has been known earlier that women who held top positions mostly lead NGOs that work on issues of women and gender:

*While few data are available globally on women's leadership in civil society, anecdotal evidence and National Democratic Institute experience shows that women tend to be highly active in civil society organisations, yet remain underrepresented in leadership positions, except in organisations explicitly working on issues of women and gender.*<sup>75</sup>

Among strategies<sup>76</sup> offered by NGO representatives and other stakeholders to improve leadership regeneration are the need to have standards and procedures for regeneration leadership, including limiting the time during which someone can lead an NGO, and providing capacity development for new generations. NGOs such as Konsil LSM, for instance, limits the leadership up to two periods (with three years for each period).<sup>77</sup>

The process of leadership regeneration should be open and democratic. Adherence to the current regulation and policies that regulate leadership processes and mechanisms is also required. NGOs that are established as foundations, for instance should comply with the Foundation Law. The Law regulate that the directors of NGOs be chosen by the boards of directors for a certain period of time. A functioning board will oversee how the director works and manages the organisations to ensure the organisation is run well. Thus, boards have an important role to pick good leaders and bring in new blood when leadership regeneration is needed. In some cases, tensions or conflict might arise between the boards and the director of an NGO, which needs to be resolved based on the

<sup>67</sup> An interview with a former director of an NGO focuses on disaster relief, Padang Pariaman, West Sumatera

<sup>68</sup> An interview with Director of an NGO for women and economic and agriculture empowerment, Jambi)

<sup>69</sup> Hailey & INTRAC (Great Britain), 2006

<sup>70</sup> Ibrahim, 2006

<sup>71</sup> 30%, N=42.

<sup>72</sup> 25%, N=105.

<sup>73</sup> Ibrahim, 2006

<sup>74</sup> See Markham (2013) for discussion on leadership in civil society organisations; Satriyo (2014) for discussion on women leadership in the public sector in Indonesia; and McKinsey (2012) for discussion on women leadership in the private sector.

<sup>75</sup> Markham, 2013, p. 5. National Democratic Institute (USA), for which the author has served as Director of Women's Political Participation.

<sup>76</sup> Research discussion, 23-24 June 2015.

<sup>77</sup> Konsil Lembaga Swadaya Masyarakat Indonesia (Konsil LSM Indonesia), n.d.

organisation's principles, rules, and policies. The Association Law (*Perkumpulan*) is another alternative to the Foundation Law. This structure was chosen several NGOs to ensure democratic votes of leaders. Examples of NGOs using *Perkumpulan* structures are Konsil LSM, FITRA, and DEMOS<sup>78</sup>. Under the regulations, organisations that are structured as *Perkumpulan* have to give each member a vote to elect leaders, reducing reliance on a handful of board members to appoint leaders.

Additionally, to develop NGO *kader* and regenerate new leaders, NGOs are encouraged to recruit young individuals and network with universities as noted earlier on the discussion of recruitment. Student activists from several university-based organisations are a good pool of *kader* that can be trained to be NGO staff and activists, and ultimately, future leaders.

## 4 Implications and Recommendations

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The findings of the research conducted as part of the NSSC design can help provide NGOs in Indonesia and other stakeholders with information on the trends and challenges facing them in regards to HRM and leadership regeneration. Understanding these challenges is the first step in developing strategies on how they can manage or work to improve HRM and leadership development system. For instance, by identifying the current trend that staff turnover is high among NGOs, NGOs and support organisations can plan and design system, policies, and strategies that can be implemented in order to manage this challenge.

Additionally, these findings can be drawn upon as part of developing policies and procedures that NGOs should have in place to support their HRM policies and procedures. Achieving this will help improve the HRM of NGOs, allowing them to effectively use human capital to achieve organisational goals. It is also hoped that NGOs start the discussion on the current HRM challenges, identify what is needed, and explore further strategies and practices to overcome the challenges. The following are recommendations for NGOs, government, and funders including private sector and donor agencies.

### 4.1 Indonesian NGOs

1. Develop and implement a system and standards for HRM with the aim to improve overall HRM process and implement goals to improve working environments for staff. This could include competitive employee benefits and enhancing career and professional development opportunities. (NGO context, size and levels would considerably affect how this could be implemented.)
2. Develop plan to strengthen networks with larger organisations or coalitions of NGOs. Having more networks will create more interactions and more access to support needed.
3. Create benchmarks and share best practices with other NGOs to learn and improve areas of organisational development, including HRM.
4. Initiate capacity development exchanges with government and private sector to improve staff capacity development. There are skills needed by NGOs such as marketing strategy that can be learned from private sector. At the same time, NGO can offer assistance to private sector for skills needed such as developing community advocacy frameworks.<sup>79</sup>
5. Adhere to democratic values, encourage staff involvement and participation in decision-making processes.
6. NGOs should provide opportunities for skills development, learning, networking, and also pay attention to staff interests and passions, including for unpaid staff or volunteers.
7. NGOs should develop clear plans on *kaderisasi* and leadership regeneration, and have management/leadership succession plans in place. Planning for future management and

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<sup>78</sup> Konsil Lembaga Swadaya Masyarakat Indonesia (Konsil LSM Indonesia), n.d.; Seknas FITRA, n.d.; Lembaga Kajian Demokrasi dan Hak Asasi (Demos), n.d.

<sup>79</sup> Summary from Research Discussion on 23-24 June, 2015

leadership needs is linked to the strategic focus of the organisation. This involves identifying employees within an organisation who have the capacity to take up key strategic positions as well as planning and implementing steps to enhance skills and encouraging junior staff to be able to move into managerial positions.

#### **4.2 Government of Indonesia**

1. Provide support for NGOs including through government forums or other initiatives that engage civil society organisations to strengthen their networks with larger organisations or coalitions of NGOs. This is important especially for district / city and smaller NGOs. Strengthening these networks will mean NGOs have more access for to capacity development services, information, and support.
2. Bridge networks of NGOs and other stakeholders through forums, meetings, and discussions held by government.
3. Work with NGOs to improve regulations and policies related to NGOs human resource management and leaderships so that these laws better reflect NGO realities and their application by NGOs can actually be used for strong NGO human resource management systems. Such laws include the law on foundations (*UU Yayasan*) No. 28/2004, draft law on associations (*Draft RUU Perkumpulan*), Labor Law (*UU Ketenagakerjaan*) No. 13/2003, Social Insurance Law (*BPJS Ketenagakerjaan -- UU Sistem Jaminan Sosial Nasional*) No. 40/2004 and *UU Tentang Badan Penyelenggara Tenaga Kerja* No. 24/2011).

#### **4.3 Funders (Private Sector and Donor Agencies)**

1. Provide support for NGOs to strengthen their networks with larger organisations or coalitions of NGOs. This is important especially for district / city and smaller NGOs. Strengthening these networks will mean NGOs have more access to capacity development services, information, and support.
2. Provide core-funding to support and strengthen NGO staff capacity development not only to improve a specific project funded by donors but also to enhance organisational capacity in ways that address NGO needs and priorities as an organisation that will exist and conduct important work beyond the length of a given project.
3. Work with NGOs to improve system and standards for HRM and leadership regeneration.
4. Provide support for establishing next generation of NGO leaders through leadership programs or institutions. The proposed NSSC may provide support in this area.

## **5 Conclusion**

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Understanding the current situation of human resource management and leadership regeneration within NGOs is useful to begin the process of addressing organisational capacity to achieve their intended goals while considering the unique context of NGOs, which includes reliance on funding-based project. HRM and leadership regeneration affect how NGOs as individual organisations and as a sector more broadly can work effectively to achieve their goals and to provide better services for their constituents. This paper explored the current state of human resource management and leadership regeneration for Indonesian NGOs and described the findings from surveys, interviews, and focus group discussions and an assessment of current literature and programs to support NGO sector.

There are gaps in several aspects of human resource management including composition of staff, levels of capacity development, and leadership regeneration across district / city and national, small and large NGOs in Indonesia. The general trend in terms of staffing composition, quality and capacity development of staff, and leadership regeneration process showed that city / district and smaller NGOs are less likely to have full-time paid staff, less likely to have staff with higher education and

skills, and less likely to provide capacity development compared to national and larger organisations. Concurrently, there is a lack of leadership regeneration among smaller and district / city NGOs compared to national and large organisations.

Findings from the research showed that NGOs are striving to look for solutions and find strategic methods to overcome the challenges they face. In terms of staffing and HRM issues, with limited funding and resources, NGOs have tried to work with more unpaid staff so they can continue their activities and provide services for their constituents. NGOs have also networked with larger organisations to access information and support needed to improve staff and organisational capacity development. Several good practices to improve leadership regeneration are also in place including limiting the number of periods one can direct NGOs and limit the number of years per each period. Registering as *Perkumpulan* instead of Foundations to ensure democratic vote to elect leaders also has been practiced by many NGOs.

Future research should look for more in depth analysis on HRM systems and standards that are currently working for NGOs including leadership regeneration practices. On HRM issues, studies should be conducted on what motivates NGO staff to continue working in the NGO sector despite low compensation. The question of whether there are differences in perception among different generations when it comes to volunteerism would also a valuable research topic to be examined further. Examining current system and standards as well as practices on human resource management and leadership regeneration would be beneficial to improve the current challenges in NGO human resource management and leadership.

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