Critical Analysis

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Nonprofit Organizations are gaining popularity nowadays, and people are getting to know about their existence and the work they are engaged in. Nonprofit organizations are established for the purpose of social welfare rather than profit for the owners. They are usually found in healthcare, education, women empowerment, food, and farming sector (Chan, 2012). Most of the people are aware of the role played by nonprofit organizations in terms of welfare. However, they often ignore their impact on the economy as a whole. As autonomous bodies, nonprofit organizations are usually free from bureaucratic disadvantages and are able to fulfill their objectives in a short span of time. Their work in different sectors is usually aligned with the government plans when the indigenous government fails to bring about improvement in social sectors and asks NPOs for the cooperation. NPOs usually provides a lot of employment opportunities for people living in a country (Huxham & Vangen, 1996). Though the salary may be less than the corporate, the work is engaging, and there are more chances of personal and career growth; hence, they help in decreasing the unemployment rate.

Nonprofit organizations provide efficient utilization of funds in the development of a nation by providing basic services by using donations from different organizations. They usually indulge in providing shelter to the homeless, food to needy, basic education, and healthcare services. Nonprofit organizations are often indulged in providing primary and secondary education, thereby increasing the literacy rate and improving HDI index of a nation (Bryson, 1988). With globalization in place, nonprofit organizations are working with many international organizations like the United Nations, thus creating a reputation for the nation globally. Nonprofit organizations do things that have value for people, in an economic sense: for example, people think it is worth educating children and the NGOs – which works for juvenile education – work for educating children. In general, NGOs and the likes provide public goods, goods that everyone (or almost everyone) can enjoy (directly or indirectly), and there is no feasible way to prevent them from receiving such goods(Chan, 2012). Normally, the government provides such services, however not always: this is when the NGOs and the likes enter into action and impact the economy.

It can also be argued that people who undertake charitable works (for example, being a volunteer) consider NPOs effective for social development. People who do social work will appreciate the NPOs and their work, either because they feel good helping people, or because they like to interact with new people. In addition, such people see NPOs as an opportunity to increase their human capital and, in future, to have better jobs (this is particularly true to young people, say, college students) (Bryson, 1988). There is little profit incentive in NPOs because they are structured to maximize the input of donations and social work. "Nonprofit" just means that any income left over after paying expenses (like salaries, utility bills, etc.) is not distributed to owners of the organization, but is used for the (theoretically worthwhile) purpose for which the organization was formed. "Nonprofit" does not mean "no income"; it means no dividends. These organizations are contrasted with those that are “for profit,” meaning their purpose is to make money to distribute to their owners.

People who work for community-based nonprofit organizations are not immune to problems; in fact, people who work in/with nonprofit organizations would face financial problems (Fast, 2007). On many occasions, the nonprofit organization would be initiated without proper funding. The need to help often outweighs the finances to do so, which in turn cripples the effectiveness of the NGO. Besides, the lack of proper management is yet another gigantic issue faced by nonprofit organizations (Peck, 2004). In many cases, the funds nonprofit organizations receive would dry out before the timeline - the funds were allocated for. This is often caused by a lack of discipline in management or pure corruption. The nonprofit organization may be targeted by either criminal gangs or militia, as it is often viewed as a place of resources. Gangs or militias are often armed with military-grade weapons or at least with sharp harmful objects. NPOs will need to hire a security company, especially in regions like South Africa, to keep their personnel and equipment safe (Bratton, 1989). More often than not, the regions, where nonprofit organizations work, have poor infrastructure and transporting goods to remote areas become an Indiana Jones adventure. Even some communities get cutoff during seasonal rains, and roads become very muddy to use.

The most important issue that people who work in/for a nonprofit organization have to cope with is political interference (Anheier, Toepler, & Wojciech Sokolowski, 1997). Local politicians often view NGOs as agents of foreign influence; they are wary of the “real” nonprofit organizations’ objectives. They would often want to oversee every aspect of the organization to rest their suspicions. Also, keeping in mind that most of the regions NPOs work in are corrupt, and local politicians or militias view foreign NPOs as an opportunity of making income. There is also a likelihood that local politicians or militias may want some “compensation” to allow organizations to operate in their area. Besides, if the NPO distributes food parcels, then a local leader may keep some for himself as "compensation" (Ahmad, 2002). There is also political bullying where a local politician orders a local NPO to hire his friends or family members before funds would be allocated for it. In the end, there is a case where the NPO has to be part of local politics, NPO, which distributes food parcels, may be required to take part in election campaigns where it's food parcels would be used by the local politician(s) to score political points.

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