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The Professionalization of Humanitarian Organizations

The Art of Balancing Multiple Stakeholder Interests at the ICRC

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Preface

Humanitarian organizations (HOs) are essential for relief work and emergency responses in situations of man-made crises and natural disasters. Their mission is focused on coping with humanitarian problems in our society. And as never before in history, so many people have been dependent on humanitarian emergency relief: Worldwide the number is about 125 million.[1]

However, skepticism has arisen in recent years as to whether HOs still fulfill their mission in an efficient way: Are they agile enough to respond to the changing demands and conditions in the field? Remember the disputable role of the UN in the Sahara. Or is the victim really at the core of the focus of HOs? Or do they respond sufficiently to the expectations of their donors? Or does their immense growth lead to large inefficient bureaucratic machines? And so on. These kinds of questions challenge HOs. To keep their legitimization, they have to respond to these questions by transforming the management of their organizations. They have to modernize and professionalize their organizations.

In general, "professionalization" has a positive connotation. Here, it primarily means taking the institutional logic of private corporations and applying this in the context of a humanitarian organization, a specific case being a principled NGO (or NPO). But this kind of "managerialism" can create specific tensions because of partly conflicting institutional logics.[2] There is a challenge in using the advantages of the tools and frameworks inherent in the management of private companies without corrupting their own principles.

In this research project, we studied one of the oldest, largest, and most influential HOs in the world: the International Committee of the Red Cross (ICRC). We adopted a management perspective for the ICRC, asking: With what kind of

[1] Urech (2017, p. 12).

[2] Meyer and Maier (2017, p. 104): "Managerialism—understood as a set of normative expectations on how to run organizations on the basis of management knowledge—can be found in organizations of all societal sectors: … it became the object of many hopes as well as fears. Optimists expected that it would make NPOs more efficient and effective, while sceptics warned of colonization by narrow-minded economic thinking."

challenges is the management team of the ICRC confronted? How do they cope with these challenges? How do they manage change?

What we have seen is that the ICRC has a very strong shared core identity—besides all the other identities in the organization—which remains close to what it was in the year of its foundation in 1863.

However, the way in which the ICRC is executing its mandate has fundamentally changed. Since 1863, we have seen an organization undergoing fundamental change. This change has primarily been driven by changes in the external context and strong international growth. The consequent alignment of the organization with the new situation has created significant internal challenges and tensions for the management and workforce of the ICRC.

This transformation of the ICRC can be mainly understood as a new period of professionalization. On the one hand, this professionalization takes place more or less in the same way as with most other global corporations, but with a time lag of about a decade: The ICRC is changing into a multi-dimensional organizational structure with all the well-known "matrix problems" coming along with it. It is strengthening the corporate functions to build up high-quality expertise as a service for national delegations, but with a side effect of the loss of power and control within local units. There is a building up of regional service centers to realize synergies and to provide the national operations with hopefully more efficient services, but which are, from the perspective of the locals, often not sufficiently close to their specific needs. These include a more intense collaboration and an interaction style between the headquarters and the local organizations, changing the role of the local managers, which is often felt as an increase in bothersome bureaucracy and a disempowerment. This is nothing new, but of course it is challenging for the people involved.

On the other hand, we have observed many specifics which are different from large private companies and worthy of consideration and very interesting to describe and to discuss:

- Firstly, and perhaps overlaying all the other differences, is the relevance of the normative framework, which has been among the principles of the ICRC since the year of its foundation. If you look at a company like the Volkswagen Group, in the "Diesel scandal" the company cheated in terms of several of their brands, their customers, and the wider public. The company corrupted its corporate values. Yes, it significantly devalued the company's reputation and it had to pay billions in surcharges—but they survived, and in 2017, the company even generated record sales. If the ICRC was to corrupt its principles significantly, it would probably be existential and it would lose its legitimization in the eyes of most of its stakeholders.
- Secondly, we have seen that the ICRC has to act in a much more complex, dynamic, and political setting of stakeholders than before. For example, there are power shifts (e.g., to the victims using social media), new demands (e.g., more detailed reporting to donors to show greater accountability by measuring the impact of the ICRC's activities in the field), greater interdependencies

between stakeholders because many responses today are multi-national involving many more stakeholders. The ICRC is in the process of determining efficient ways to act in such new types of stakeholder settings.

- Thirdly, we endeavored to determine the nature of the balance of competing stakeholder interests at the ICRC and also when stakeholder interests are in conflict with the "untouchable" principles. We discovered interesting individual decision procedures and some simple rules applied by decision-makers. While the principles are very clearly present and also so is a focus on putting the beneficiaries in the center, the changing environment has led to an increasing importance of subject matter expertise and the ability to seize the window of opportunity in real time.
- Fourthly, some of the decision processes and rules we have described above cope with the manner in which the organization endeavors to manage the increasing demand for greater accountability. We have seen that such detailed KPI reporting often creates a moral dilemma for the decision-makers in a HO. While the increase in reports allows the organization to be more transparent, a range of challenges arises such as the difficulties of measuring humanitarian performance, backward engineering, and perceived distraction from the work at hand. We observed high tensions in the organization where many employees felt overwhelmed by increasing technical requirements and they only vaguely see the benefits of being more transparent and setting up internal performance measures.
- Fifthly, the ICRC has learned to operate in two different modes: Traditionally, the ICRC used to mainly operate response projects in the context of major humanitarian disasters. This mode is part of the "genetic code" of the organization, and nowadays, it still exists as a more or less standardized "emergency mode." The present generation of managers loves this mode because acting this way by providing humanitarian aid on the spot and very efficiently is one of the reasons why they joined the fieldwork of the ICRC. But in the meantime, many operations have generally been permanent operations, at least for some decades. Therefore, there is also a need for an operating mode for normal situations ("normal mode") which incorporates managing all the permanently ongoing operations. These activities are easier to plan, and they can be standardized and controlled with typical management systems (strategic planning, reporting, etc.).

In Chap. 3, we will describe the major observations we made in more detail. However, before this, we need to provide in Chap. 1 more information about the characteristics of a HO, the challenges which such organizations face, the nature of our research interests in HOs, and how we organized our empirical study. In Chap. 2, we explain our understanding of our research site—the ICRC—from a managerial perspective. We aim to better understand its external challenges and its changing internal context—its strategy and organizational alignment—which is where we will embed our observations.

In Chap. 4 a case study shows how technology like social media analytics impact the way that the International Committee of the Red Cross (ICRC) engages with its stakeholders in humanitarian crises. The case illustrates the role that social media analytics played in detecting an unexpected stakeholder constellation and in strengthening the ICRC's presence as protection provider. It shows what "managing stakeholders" means for an international humanitarian nonprofit organization that helps and protects victims of humanitarian crises. The case also demonstrates the significance of social media analytics as a complementary decision-making tool to clarify stakeholder constellations, understand interests of key actors, and engage with them.

In Chap. 5 we summarize the implications for the management of a HO or other types of NGOs.

This booklet emanates from the NODE Transcultural Workspaces, a joint research project organized in different working groups, undertaken by the University of St. Gallen and the ICRC. The objective of our working group was to better understand strategic decision-making mechanisms in highly complex situations and under time pressure with regard to addressing the interests of multiple stakeholders. The decision context of our ICRC research site changed markedly in recent years. With our observations and insights, we aim to contribute to strategic decision-making in terms of the continuous professionalization of the ICRC and similar organizations while also contributing to the respective discussions in our scientific community.

Of course, the following observations and conclusions are the result of the interpretations of outsiders, and the recommendations we make are formulated with total regard to the organization, and they are not made from the perspective of being "wise guys."

Our sincere thanks for making this booklet possible go first to our interviewees for sharing their time and rich experiences with us; second to Yvette Sánchez for launching and running the NODE project; third to our colleagues for their invaluable feedback; and, last, but not least, to Yves Daccord for his ongoing support of the NODE project.

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